

ABERDEEN CITY COUNCIL

COMMITTEE	Anti-Poverty and Inequality
DATE	28 August 2024
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Accessing Money Advice and Advisory Services
REPORT NUMBER	CORS/24/230
EXECUTIVE DIRECTOR	Andy MacDonald
CHIEF OFFICER	Isla Newcombe, Chief Officer – People & Citizen Service
REPORT AUTHOR	Angela Kazmierczak, Financial Inclusion Team Leader
TERMS OF REFERENCE	1.12

1. PURPOSE OF REPORT

- 1.1 This report presents to Committee work undertaken to determine issues faced by people in poverty in relation to accessing advice services and financial services, and to make recommendations on how that might be improved.

2. RECOMMENDATIONS

That the Committee: -

- 2.1 Approve the areas for improvement identified in section 3.39; and
- 2.2 Approve the initiation of an improvement project to test changes that will achieve an increase in awareness of services provided and address identified gaps.
- 2.3 Instruct the Chief Officer– People & Citizen Service to report back to the Anti-Poverty and Inequality Committee in Q1 of 2025 on the findings of the survey and an update of the improvement actions.

3. CURRENT SITUATION

- 3.1 On 30 August 2023, the Committee resolved to instruct the Chief Officer - Early Intervention and Community Empowerment, in partnership with the External Advisers, to report back to a future meeting of the Committee, no later than summer 2024, on the issues faced by people in poverty in relation to accessing advice services and financial services and the impact this had; on the services available in Aberdeen; on the unmet need; and specific recommendations for council services and other organisations to address this unmet need.
- 3.2 An initial meeting was held on 15 November 2023 with key advice providers in the City - Citizen's Advice Bureau, CFINE's SAFE team, Grampian Housing Association's SMART team and the Council's Financial Inclusion Team. Christians Against Poverty (CAP), a nationally funded advice service but with support staff based in Aberdeen, joined subsequent meetings of the group.

- 3.3 Following the Anti-Poverty and Inequality Committee meeting on 12 June 2024 the scope of the paper was clarified, and further work has been undertaken.
- 3.4 This report focuses on accessing advice services such as Money/Debt Advice, Welfare Benefits Advice, Civil Legal Aid, Pension Advice, Fuel Advice and accessing credit through Credit Unions. The report does not look at other Financial Services such as borrowing, savings and insurances as these services are highly regulated through the Financial Conduct Authority.

Access to Advice Services

- 3.5 Research on accessing advice services in Aberdeen is limited, but preliminary indications suggest that the public may not be aware of the available services.
- 3.6 In the 50th City Voice Survey conducted in July 2024; participants were asked about their accessibility to advice services. Out of 391 respondents, 18.9% were aware of local support for home heating assistance, while 69.1% were unaware of any financial aid available.
- 3.7 Building trust and reducing stigma are equally important when it comes to accessing advice services. Financial difficulties are often accompanied by feelings of shame, embarrassment, and fear of judgment, which can deter individuals from seeking the necessary support. Research has shown that when people perceive advice services as trustworthy and free from judgment, they are more likely to reach out for help.
- 3.8 Further research is required at a local level to ensure we fully understand the challenges faced by households within Aberdeen. A survey has been developed targeting households to gather quantitative data on barriers to accessing advice and financial services which will be available digitally and through lived experience groups through a mixed method study. The findings will be used to inform further improvements in this area.
- 3.9 The mapping of advice services has been completed, and a list of [available advice agencies](#) is now on the ACC website. An interactive map will be added once the new ACC website is launched. Work will begin on targeted information campaigns to inform the public about financial and advice services, emphasizing confidentiality and non-judgmental support. A list of advisory services is included in Appendix 1.

Place based approach

- 3.10 Through the community planning framework, the Council takes a place-based approach to improving outcomes for communities across the City. Adopting a place-based approach for advisory services will build on the same principles adopted by Community Planning Aberdeen.
- 3.11 Using Data to Understand Local Need. The Council understands local need through the Aberdeen City Population Needs Assessment which is a high-level

analysis of key groups, priorities and challenges across public services, including service performance and information available from a community perspective. The PNA enables the Council and Community Planning partners to better understand the types of things that will bring benefit to people and explore how that can be related to the services and interventions that are being provided. The Population Needs Assessment recognises the link in the rise in poverty and growing financial insecurity and highlights the need for increased financial advice provision, particularly in the areas identified as most deprived in Aberdeen by the Scottish Index of Multiple Deprivation (SIMD). We are currently working with the Aberdeen Health Determinants Research Collaboration and Public Health Grampian to review and improve our approach to population needs assessment, which will include incorporating more granular level data to understand variation and trends across communities. This will support effective targeting of resources and tailoring of interventions.

- 3.12 Engaging and Working with Community Groups. Responding to local needs requires collaboration between the Council and public, private and third sector organisations, including community groups. This is facilitated by the statutory Community Planning Partnership in Aberdeen which brings together a wide range of partners and community groups to work together on shared priorities at a city wide and locality level. As part of the process for developing the Local Outcome Improvement Plan and North, South and Central Locality Plans this year, extensive engagement took place to understand the views of local communities. Using the place standard tool, communities were asked to comment on what is most important to them. The Locality Plans reflect the needs of local communities and tackling poverty is a priority across all three plans. The plans identify a range of community groups which have volunteered to work with the Council to address poverty and we will engage with these local partners to raise awareness of existing advisory services and encourage individuals to seek assistance, as well as explore ideas about how access to support can be improved.
- 3.13 Tailored Interventions Based on Evidence. Customising services to align with the specific needs and challenges of a community will help increase engagement. This includes tailored support for debt, benefits applications, fuel assistance, and civil legal aid. We will work with local community groups to understand more about the specific needs and challenges of their communities and test approaches to ensure they are effective in supporting the people in greatest need.

Assessing the extent of Unmet Need

Debt Advice

- 3.14 The assessment of unmet need is challenging, as [research](#) by the Scottish Government in 2018 highlighted. The UK [Money and Pensions Service](#) publishes an annual [Need for Debt Advice](#) survey at local authority level. The 2022 survey, published in October 2023, showed that 16.47% of people in

Aberdeen had a need for debt advice. This would give an estimate of 37,452 people in need of Debt Advice based on a population of 227,400.

- 3.15 Research conducted by [Money Advice Trust](#) in June 2024, after inflation fell to its 2% target, show an estimated 6.8 million UK adults (13%) are struggling to pay for essential costs, such as rent and council tax. Despite falling inflation, an estimated 11.4 million (21%) people say their financial situation is worsening.
- 3.16 This is supported by data of people accessing money advice services through the Financial Inclusion Team which has shown a 305% increase in level of arrears of household bill (Rent, Council Tax and Fuel debt) since 2020/2021 along with a 115% increase in citizens with a deficit budget.
- 3.17 The Financial Inclusions Team has managed the increase in demand for money/debt advice through digital improvements by introducing an online referral and digital signatures through the Case Management System, AdvicePro. These upgrades have saved time, enabling support for individuals lacking digital capabilities through phone or in-person help. Partner agencies using the same Case Management System, recently implemented these improvements following a successful funding bid through the [Advice in Accessible Settings](#) managed by Advice UK.
- 3.18 Further work will be undertaken to explore the development of an online "Aberdeen Hub" referral portal, inspired by the previous "Cash in Your Pocket" system. The Hub aims to serve as a central platform where citizens can easily access advisory services. By utilising modern digital technology, the Aberdeen Hub intends to provide an easy-to-use interface, helping users quickly and efficiently find the services they need.

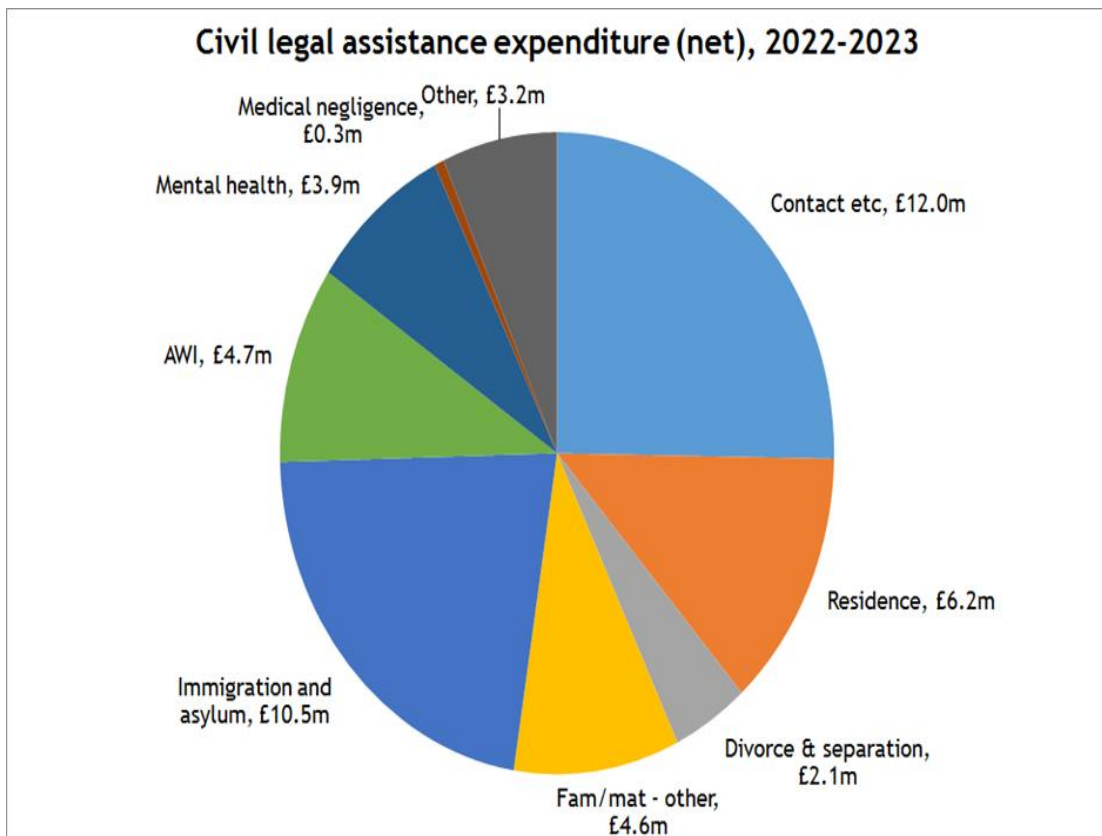
Civil Legal Aid

- 3.19 Legal aid is an essential service that impacts a variety of significant life situations, providing crucial support to Scotland's poorest families. It is often during some of life's more challenging times that individuals find themselves in need of legal aid.
- 3.20 For civil court actions, legal aid is available to those with a disposable income of less than £293 per month. If an individual's income exceeds this amount, they may be required to contribute towards or fully repay the cost of their legal aid.
- 3.21 Common civil court cases include issues such as divorce and child contact or custody, adoption, immigration and asylum cases, and deportation. Legal aid also frequently helps secure compensation for medical negligence, social welfare payments, and other financial matters.
- 3.22 An analysis of SMID data and list of Civil Legal Aid Solicitors within Aberdeen, shows that of the 29 most deprived areas in Aberdeen, residents to around 23,034 people share 20 civil legal aid firms between them. The analysis of

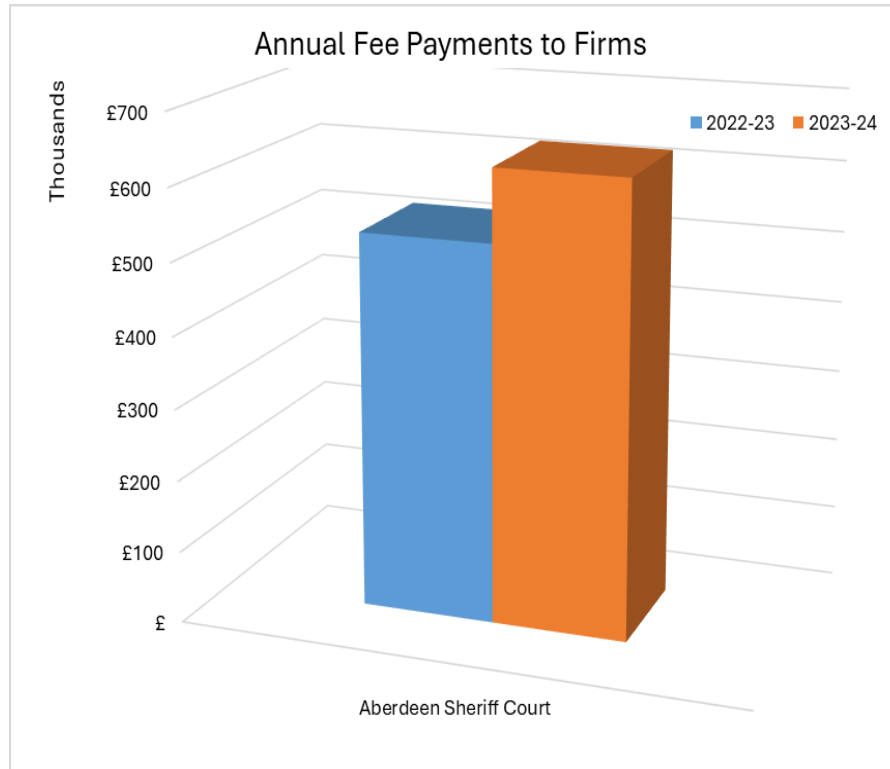
solicitor services reveals a mixed level of coverage across various legal aid types in the most deprived areas. For Adults with Incapacity and Power of Attorney, as well as Children and Family Cases, the coverage is generally adequate, with 10 firms providing these services. However, services for Housing & Homelessness, Consumer Problems, Debt and Money Issues, and Death Related Matters, which are covered by 4-6 firms, show moderate levels of coverage, indicating potential underserved areas within the 29 identified deprived Data Zones. Notably, services for Benefits and Welfare Issues, Mental Health, and General Civil Legal Aid are significantly lacking, with only 2 firms addressing these areas, suggesting substantial gaps in legal aid provision in these critical areas.

3.23 Available data from the [Scottish Legal Aid Board](#) shows the level of net expenditure for Civil Legal Aid within Scotland along with a comparison in the amount of fee claimed within Aberdeen Sheriff Court between financial years.

Net expenditure for Scotland (47.5m)



Civil Legal Aid Fees Paid – Aberdeen Sheriff Court



Total Annual Fees paid to Firms (£ thousands)			
Legal Aid Area	2022-23	2023-24	Change - this year vs last year
Aberdeen Sheriff Court	£526	£627	19%
<p>Fee payments to firms consist of solicitor and solicitor-advocate fees and they include VAT.</p>			

** The above data is based on cases dealt with in Aberdeen Sheriff Court which will also include citizen residing outside of Aberdeen City.

Fuel Advice

- 3.24 According to the Scottish House Condition Survey, approximately 26% of homes in Aberdeen experience Fuel Poverty. While comprehensive data on the unmet need for fuel advice is limited, recent figures from Citizens Advice Scotland (CAS) indicate a significant rise in requests for fuel vouchers and emergency credit guidance, especially in the winter. From November 2023 to January 2024, there was a notable increase in enquiries concerning prepayment meters, discretionary credits, fuel vouchers, and tariff adjustments. The volume of clients looking for assistance with fuel-related issues rose between 64% and 82%, varying by issue type.
- 3.25 This pattern of increased demand during the colder seasons is also reported by SCARF, a local fuel advice service, which notes fewer referrals in summer compared to a spike during the winter months.

Credit Unions

- 3.26 Until 2020, Aberdeen was served by three credit unions. The North East Scotland Credit Union went into administration in early 2020. This was due to financial difficulties that made it unsustainable to continue operations. The Financial Services Compensation Scheme (FSCS) intervened to handle the claims from affected members and provide compensation. This left Aberdeen with two main credit unions: Grampian Credit Union, which operates city-wide, and St Machar Credit Union, which serves specific areas such as Woodside, Tillydrone, and Northfield.
- 3.27 Credit unions play a crucial role in promoting financial inclusion by providing accessible financial services such as savings accounts and affordable loans to underserved populations. Additionally, the credit unions offer products like the Engage card, which functions similarly to a current account, providing members with a prepaid debit card that can be used for everyday transactions, budgeting, and managing finances effectively. They encourage financial discipline through savings programs and offer financial education to help members make informed decisions.

Basic Bank Accounts

- 3.28 The introduction of basic bank accounts in the UK followed legislative changes aimed at promoting financial inclusion and ensuring access to essential banking services for all citizens, particularly those who were previously underserved or excluded from traditional banking options. These accounts, which became more widely available after the changes, are designed to offer fundamental banking services without fees or the risk of overdrafts, catering especially to low-income individuals and those with poor credit histories. The legislative reforms mandated that major banks provide these accounts, ensuring that more people could manage their finances more effectively, receive payments, and participate in the economy. This initiative was significantly reinforced by the agreement between the UK government and major banks in December 2014,

which aimed to ensure that basic bank accounts were genuinely fee-free and available to those who needed them, effective from 1 January 2016.

- 3.29 In Aberdeen, bank branches are primarily located in the city centre, making them accessible to many, including those in deprived areas. However, residents in the most deprived zones, especially those further from the centre, may face challenges accessing face-to-face banking services. This underscores the importance of mobile and online banking for financial inclusion.
- 3.30 In Scotland, as part of the broader UK trend, online and mobile banking has significantly surpassed face-to-face banking. As of early 2024, 85% of UK adults use online banking, including web browsers and mobile apps. Mobile banking is particularly popular among younger demographics, with 85% of individuals aged 18-24 and 79% of those aged 25-34 using these services. Even older demographics are increasingly adopting digital banking, with 60% of those aged 55 and older now using these services. The reliance on face-to-face banking has declined, with traditional bank branch visits potentially dropping to 55% by the end of 2024 due to branch closures and the rise of digital banking.

Community Bank

- 3.31 Aberdeen City Council has secured £60,000 for a feasibility study aimed at increasing self-employment and business start-up rates, as well as assessing the viability of establishing a Community Bank to support low-income households in Aberdeen. This initiative is designed to aid economic recovery. The study will involve engagement with Business Gateway, Credit Unions, and organisations supporting low-income groups, and is expected to be completed within six months.
- 3.32 The £60,000 budget will fund an external consultant and related services. The study will focus on Aberdeen city, with potential engagement in Aberdeenshire and Moray, targeting areas of higher deprivation. The project aims to identify support packages to boost self-employment and new businesses and explore the feasibility of a Community Bank providing ethical financial solutions to help low-income households access training and employment and supporting people out of debt.

National Providers

- 3.33 In addition to allocating debt advice levy funding, the Scottish Government also provides support for national providers offering benefits advice, fuel advice, and other essential services. Here are some key points on how these services are supported and funded:

Benefits Advice

- 3.34 The Scottish Government collaborates with national providers to offer comprehensive benefits advice to citizens via phone and online delivery channels. These providers include:

- Citizens Advice Scotland (CAS): CAS offers a wide range of benefits advice and support services. They receive funding from the Scottish Government to ensure that individuals can access advice on entitlement, applications, and appeals.
- Turn2us: This national charity helps people in financial need gain access to welfare benefits, charitable grants, and support services.
- Advice Direct Scotland: They provide free, practical advice on a range of issues including benefits through their helpline and online resources.

Fuel Advice

3.35 The Scottish Government collaborates with national providers to address fuel poverty and energy efficiency to citizens via phone and online delivery channels. These providers include:

- Home Energy Scotland: Funded by the Scottish Government and delivered by the Energy Saving Trust, this service offers free, impartial advice on reducing energy bills and improving energy efficiency.
- Citizens Advice Scotland (Energy Projects): CAS also runs specific projects focused on energy advice, helping individuals navigate energy tariffs, reduce bills, and access grants for home improvements.

Debt Advice

3.36 The debt advice sector is supported through the debt advice levy, applied by the Financial Conduct Authority. The Debt Levy is applied to the financial services industry by the Financial Conduct Authority, based on the proportion of adults in each of the nations of the UK who are indebted in the previous year. The amount of funding available varies from year to year and the Scottish Government are currently exploring the availability of data at local authority level.

3.37 Key national providers include:

- StepChange Debt Charity: StepChange offers free, expert debt advice and money management services, funded partly through the levy.
- Money Advice Scotland: This organisation provides resources, training, and support to debt advice services across Scotland.
- Christians Against Poverty (CAP): CAP provides free debt help and local community support across the UK, including Scotland.
- Money Advice Trust: Through the National Debtline and Business Debtline offering free telephone and online advice.
- Citizens Advice Scotland: Supporting the provision of debt advice across the Citizens Advice Bureaux network (as part of Money Talk Team project)

Community Providers

- 3.38 There are many communities and third sector organisations that provide initial advice and support on benefits and money matters, but few organisations can provide regulated debt advice.

Improvement Actions

- 3.39 The following areas for improvement have been identified.
- Conduct targeted information campaigns to inform the public about financial and advice services, emphasizing confidentiality and non-judgmental support.
 - Community outreach programs to raise awareness about available services needing financial, civil legal aid, and fuel advice services by utilising local media, social networks, and community events to spread the word.
 - Engage community champions to promote advice services and share success stories, helping to build trust and reduce the stigma associated with seeking help.
 - Develop integrated service models that combine financial advice, legal advice, and other support services, such as mental health and housing advice, providing a comprehensive approach to tackling poverty and ensuring this is aligned with the emerging model of family support.
 - Consider how best to develop and host of an online “Aberdeen Hub” to improve access for people and improve efficiency of direct referral to services.
 - Apply for increased funding and resources through all available funding streams.
 - Develop capacity of community organisations, building on work of North East Scotland Advice Forum (led by ACC FIT team) to build capability around use of online benefit checker, referrals to regulated money advice and possible development of [money guiders](#) training and standards, for first line advice.

Next Steps

- 3.40 A project will be initiated to take forward these areas for improvement and test changes to achieve an increase in awareness of services provided and address identified gaps. This project will work in collaboration with teams taking forward related improvement activity around benefits uptake and financial support as part of the Local Outcome Improvement Plan and Locality Plan.
- 3.41 Time will be taken to ensure all opportunities to align with the emerging family support model is maximised.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no current financial implications with the report as free promotion through our current social media team and our community partners would be utilised.

5. LEGAL IMPLICATIONS

5.1 There are no legal implications arising from this report.

6. ENVIRONMENTAL IMPLICATIONS

6.1 There are no environmental implications arising from this report.

7. RISK

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H) *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
Strategic Risk	There is a risk that failing to support people struggling to meet the increased cost of living could lead to longer term economic harm.	Delivery of recommendations to help mitigate the cost-of-living impacts for the most vulnerable, alongside work and support across services, partners and third sector.	L	Yes
Compliance Operational	n/a	n/a	n/a	Yes
Operational	The project delivery in this report requires some resource from the Council, but through partners	Strong partnership working with organisations identified will ensure this risk is minimised.	L	Yes
Financial	Increasing levels of debt to the Council and an increase in poverty levels.	The proposals in the paper will help improve engagement and efficiency of delivery of services to meet people needs	L	Yes
Reputational	There is a risk that failing to support people struggling to meet the cost of living could lead to reputational damage.	The delivery described in this report demonstrates a clear commitment to supporting people with the cost of living	L	Yes

Environment / Climate	No environmental risks identified	N/A	N/A	N/A
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8. OUTCOMES

Council Delivery Plan 2024	
	Impact of Report
Aberdeen City Council Policy Statement <u>Working in Partnership for Aberdeen</u>	The proposals within this report contribute to the delivery of the following aspects of the policy statement:- Investigate how Aberdeen City Council could support the provision of fair and affordable banking, insurance and financial services, and the expansion of credit unions and advice services.
<u>Local Outcome Improvement Plan</u>	
Prosperous Economy Stretch Outcomes	Stretch outcome 1: 20% reduction in the percentage of people who report they have been worried they would not have enough food to eat and/ or not be able to heat their home by 2026.
Prosperous People Stretch Outcomes	Stretch outcome 12: Reduce homelessness by 10% and youth homelessness by 6% by 2026, ensuring it is rare, brief, and non-recurring with a longer-term ambition to end homelessness in Aberdeen City.

9. IMPACT ASSESSMENTS

Assessment	Outcome
Integrated Impact Assessment	No assessment required as this report primarily advises members of support available. Future targeted information campaigns will follow accessibility standards and communication best practices. I confirm this has been discussed and agreed with Andy MacDonald, Executive Director Corporate Services 13 May 2024.
Data Protection Impact Assessment	Not required.
Other	N/A

10. BACKGROUND PAPERS

[Accessing Money Advice Services CORS/24/149](#)

[Scottish Legal Aid Board 2022-23 Annual Report and Accounts](#)

11. APPENDICES

Appendix 1 – List of Advisory Services

12. REPORT AUTHOR CONTACT DETAILS

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