

Sub-Group 3 Action Plan: Reducing Financial Pressures on People in Poverty

About This Action Plan

Poverty can be reduced by action taken to increase incomes through employment or access to benefits, but also by action to reduce the costs of goods and services to people in poverty, to reduce the financial pressures upon them.

This Action Plan for Sub-Group 3 of the Dumfries and Galloway Poverty and Inequalities Partnership sets out actions aimed at developing more effective ways to reduce the financial pressures on people living in poverty and Dumfries and Galloway.

It is built around revised outcomes based on those taken from across two of the six overarching objectives set out in the 'Future Approach To Tackling Poverty and Inequality for Dumfries and Galloway' document approved by Dumfries and Galloway Community Planning Partnership on 12th March 2021, and the Dumfries and Galloway Communities Committee on 6th February 2021.

The original outcomes identified for the Group were:

- *Increasing the number of residents turning from high cost lenders to affordable credit options, particularly local credit unions, but also personal lending CDFIs, through targeted promotional activities and work with providers to explore the potential for new loan products, including those which address key aspects of the rural poverty premium/ rural poverty penalty.*
- *Reducing the prices paid for energy and other basic utilities through exploring the potential for promoting individual and collective switching, and using council's collective bargaining power in the market, backed in the case of energy switching by access to high quality energy advice.*
- *Reducing the rural poverty transport penalty through [.....] exploring the development of affordable car loan products, particularly for those seeking employment.*
- *Reducing the number of people facing financial barriers to accessing the internet [...] linking to work on affordable credit, and potentially taking advantage of the Council's purchasing power.*

These outcomes have been rephrased, refocused and sharpened in this action plan to reflect the feedback of the members of the Sub-Group, and the changes in the circumstances facing people in poverty since they were first developed.

The membership of the group reflects the centrality of energy and credit costs both in terms of exacerbating the poverty in which people find themselves, and in terms of the opportunities that they present for action to reduce the financial pressures on people in poverty.

Membership of the Group

Sue Irving (Chair)	Housing Manager, Loreburn Housing Association
Lee Toti	DAGCAS
Officer to be confirmed	DGHP (Wheatley Group)
Wendy Jesson	Dumfries and Galloway Council (Poverty & Equalities Officer)
Lynne Burgess	Dumfries and Galloway Council (Employability & Skills)
Philip Myers	Dumfries and Galloway HSCP
Emma Bernard	Home Energy Scotland/ Energy Agency
Brian Johnstone	Solway Credit Union
Margaret Burton	Stranraer Credit Union
Ian Russell	Tackling Poverty Reference Group Volunteer

Timing of Actions

In what follows, actions have been divided between those to be carried out in the short term, and those to be carried out in the longer term.

Short term actions are a combination of 'quick wins', and 'ground preparation' that should be carried out by the end of September 2022, the precise timescale and priority to be determined by the group. Many of the quick wins focus on sharing of information and work to promote services to clients, some are already underway. The ground preparation tasks focus on reviewing thinking about current practice, opening conversations between organisations, scoping out service developments- piloting on a small scale when possible, and in one case holding an event to generate ideas. Most of the short-term actions do not require significant resources.

The one key exception to this is the proposal to carry out a campaign focused on the cost of living crisis, which should be an urgent priority and is a significant piece of work in its own right.

Longer term actions generally flow from the ground preparation tasks, and involve implementing the decisions of reviews, partner conversations, scoping exercises and small scale pilots where they have been carried out. Some will have significant resource implications. The priority and timescale for the delivery of these will be determined by the group, the results of relevant short term actions, and the availability of those resources.

Understanding the Issues

People living in poverty in Dumfries and Galloway will often pay a 'poverty premium', higher costs, for basic goods and services than those on higher incomes; for example higher interest rates on loans and higher energy prices per unit. In some parts of the region they may also be subject to a rural poverty premium, higher prices for basic goods and services than are paid by people living in poverty elsewhere in the region itself, or elsewhere in Scotland.

Affordable Credit

There have been very significant changes in the high-cost credit market over the last three years;

- There has been a very significant decline in the use of high-cost short term credit, a market which had shown some recovery after the bursting of the payday loan bubble under the pressure of new legislation.
- Provident, the major provider, has largely withdrawn from the home credit market.
- Brighthouse, the major rent to own retailer, has gone into administration, with its stores closing, including one in Dumfries.
- The pandemic saw falls in borrowing as people retrenched spending, falls that are now being reversed.

The first three of these changes have not ended the need for credit from people unable to access it in the mainstream market. The shape and size of the high cost lending market prior to those changes is still a good starting point for thinking about local people who are currently underserved in that market.

Dumfries and Galloway Council commissioned research suggests that, in 2018/19, between 14,260 and 16,650 high cost loans; home credit, high cost short term credit, rent to own and pawnbrokers; were being taken out by local residents annually, with a value of between £5.38 and £6.86m.

In contrast:

- The largest local credit union issued an estimated 45 loans in 2019 in the same market.
- There was some activity in the area from Community Development Finance Initiatives (other affordable responsible lenders) in the area; Fair for You made 131 loans to a value of £45,945 over the year to October 2019, Five Lamps/Conduit made an estimated 17 loans to the value of £7,300 over the year to end of November 2019, and Scotcash has made 5 loans to an estimated value of £2,200 over the year to October 2019.

There is therefore a significant affordable credit gap in the area. We estimate, allowing for some other credit union activity in the area, that current affordable lending is equal to only between 1.4 and 1.6% of the underserved potential credit market.

Fuel Poverty

Fuel poverty in Dumfries and Galloway (28%) is higher than the average for Scotland as a whole (25%), and Dumfries and Galloway has the highest fuel poverty rate of all its peer local authorities.

Over the period from 2016 to 2018, Dumfries and Galloway had:

- A significantly higher extreme fuel poverty rate (16%) than the national average (12%).
- A significantly higher median fuel poverty gap than the national average (£880 compared to £640) and all of its peer local authorities.

There is a clear rural dimension to fuel poverty; Wigtown West, Mid-Galloway and Mid and Upper Nithsdale Wards have the highest estimated overall levels of fuel poverty, with many people living off the gas grid and being forced to rely on more expensive fuel such as heating oil, lower winter temperatures, and a high proportion of houses with poor energy efficiency.

Households new to a home that is off grid may face particular challenges pulling together the deposit required to begin regular purchases of gas or coal.

Cost of Living Crisis

Households living on low incomes are about to see the financial pressures on them increase significantly as a result of the cost of living crisis.

Household energy costs are a major element of this. The energy cap, designed to stop energy companies making excess profits, is rising this April by 54%, reflecting quadrupling of wholesale gas prices even before the Russian invasion of Ukraine, and following from a smaller rise in October 2021. The longer term impact of the invasion on the international energy market is unclear, but its immediate impact has been to drive prices even higher. It is very likely that it will also drive up the cost of food.

The Resolution Foundation expects inflation to hit 8% later in 2022. As wages and benefits are not keeping pace, they calculate that median real incomes will be 4% lower for non pensioner households in 2022/23 than they were in 2021/22, the sort of blow to living standards usually seen in a recession. The impact of this will be an increase in poverty; the Resolution Foundation's prediction is that child poverty will rise by 5 percentage points between 2020/21 and 2022/23.

Rural Poverty Premium

Energy costs are not the only component of the rural poverty premium, which mean that someone living on a low income in a Dumfries and Galloway village will find themselves facing higher household costs than someone in Dumfries itself:

- Food costs in rural communities are higher, with standard baskets of food almost three times more expensive in some rural communities.
- Public transport is poor, putting increased emphasis on having a private car; a rural poverty penalty for those who cannot afford one.
- Energy usage is higher, due to lower external ambient temperatures in the Winter, exacerbating cost burdens for people who are off grid.

Objective 1.

People in poverty in Dumfries and Galloway have access to appropriate affordable and responsible loan products to meet their credit needs, and other financial products to reduce household financial exposure and meet other needs.

Current Actions

- Two Credit Unions operate in the Dumfries and Galloway area; Solway Credit Union which covers Stewartry, Nithsdale, Annandale and Eskdale; and Stranraer Credit Union which covers Wigtown.
- Stranraer Credit Union offer online engagement to members through an app, Solway Credit Union are close to launching theirs.
- Both credit unions have been supported to meet core costs for a number of years by Dumfries and Galloway Council through annual Poverty and Inequalities Budget Development Funding.
- The Council and DGHP also provided funding for a full time Development Officer Post from 2013 – 2019 which helped to raise the profile of the Credit Unions, attract additional funding in to cover project costs, develop the Primary and Secondary School Credit Union Projects (6 Projects continue within schools across the Region and will start again once schools are able to offer drop in savings sessions) and also helped to develop a number of joint projects including Payroll Saving Schemes with both Dumfries and Galloway Council and DGHP.
- Solway Credit Union also received funding from Dumfries and Galloway Council in 2016 to support an Immediate Grant Loan Fund. This had been partially successful, but loan repayment rates were lower than had been expected.
- Frontline staff from a number of organisations, including DAGCAS and DGHSCP staff, promote credit union membership to people they support.
- Community Development Finance Institutions working on a UK wide (Fair For You), or a Scottish (Conduit, Scotcash) level do a limited amount of lending without a particular effort to promote their products in the area.

Short Term Actions	Key Partners	Lead	Additional Groups	Resources Required
Both Credit Unions provide information to Loreburn Housing Association and DGHP about their services for inclusion within Loreburn and DGHP newsletters and other communications. This will be accompanied by details of DAGCAS' debt advice services.	Solway Credit Union, Stranraer Credit Union, Loreburn, DGHP, DAGCAS	Wendy Jesson	Irvine HA Cunningham HA Home Group	Within existing resources
D & G Council and DGHSCP consider how they might increase promotion of credit unions through their channels of communication with local people.	D & G Council and DGHSCP	Wendy Jesson & Philip Myers		Within existing resources
Solway Credit Union delivers their new marketing strategy based on local and social media and work through community organisations.	Solway Credit Union	Solway Credit Union		Within Solway's existing resources
Both Credit Unions explore with Loreburn and DGHP the possibility of direct mail marketing of credit union services to tenants, and the level of staffing resource that might be needed to meet the demand generated.	Solway Credit Union, Stranraer Credit Union, Loreburn, DGHP	Wendy Jesson		Within existing resources
Solway Credit Union investigates models for the repayment of quick access loans through assignation of benefits, particularly child benefit, trialled in other areas of Scotland such as Perth and Kinross, as a way of reviving, in more effective format, the previous quick access loan project, and identifies staffing and capital/ underwriting resources required to deliver this. This project would also support an increase in saving amongst people on low incomes.	Solway Credit Union, D & G Council	Solway Credit Union & Wendy Jesson		Within existing resources
Support is provided to the credit unions to increase the number of people involved as volunteers.	Solway Credit Union, Stranraer Credit Union, D & G Council	Solway Credit Union Stranraer Credit Union	TSD&G	Within existing resources

D & G Council and DGHP review the impact of their engagement in the promotion of credit union payroll saving to staff, and NHS Dumfries and Galloway consider the potential for taking a similar approach with their staff.	D & G Council, DGHP, NHS Dumfries and Galloway	Wendy Jesson DGHP Group Member (TBC) Philip Myers		Within existing resources
The Sub-Group invites engagement from Fair for You, Conduit and Scotcash to explore the appropriateness of their products being marketed through local partners.	Sub-Group 3	Sue Irving Wendy Jesson		Within existing resources

Longer Term Actions	Key Partners	Lead	Additional Groups	Resources Required
<p>Subject to resources and successful trialling of, or learning from, approaches:</p> <ul style="list-style-type: none"> Both credit unions market services to Loreburn and DGHP tenants, and to people engaging with council and DGHSCP services through direct mailshots and through local press and media. Solway Credit Union runs a quick access loan project, based around assignation of benefits, and underwritten or otherwise supported by public investment. 	Solway Credit Union, Stranraer Credit Union, Loreburn, DGHP, D & G Council, DGHSCP	All key partners	Irvine HA CHA Home Group	Additional resources
Subject to positive engagement with the subgroup, affordable loan products are offered by CDFIs to be promoted through RSLs, community organisations, Dumfries and Galloway Council, and DGHSCP.	Loreburn, DGHP, D & G Council, DGHP DGHSCP	All key partners		Limited additional resources
If appropriate, affordable credit products are in place and promoted to local people living in poverty that focus on removing financial barriers to transport, energy saving home improvements and IT equipment.	Solway Credit Union, Stranraer Credit Union	Wendy Jesson Emma Bernard	Dumfries and Galloway Council TS D&G (IT/Digital) Home Energy Scotland	Within existing resources
Long term funding is secured to support the development of both credit unions, subject to clear targets on the delivery of loans and savings products to low income consumers.	D & G Council	Wendy Jesson	TSD&G	Additional resources

Objective 2:

People in poverty in Dumfries and Galloway are able to cope with their household energy costs, and are either lifted out of fuel poverty, or have the severity of the fuel poverty they experience reduced.

Current Actions

- Home Energy Scotland is the key provider of advice and support on energy issues in Dumfries and Galloway through their local team.
- They provide advice in relation to energy usage and energy saving tips- supporting householders to take simple actions to reduce usage, understanding energy bills, payment methods, and dealing with billing problems, water usage and water saving devices, grants and loans available to support home improvements for owner occupiers, private renters and landlords.
- They can provide financial support directly to people facing severe difficulties paying bills, and advice on hard to heat properties which are more prevalent in rural areas.
- This advice and support can be accessed in a number of ways through; their Energy Cares service which provides more intensive support, including home visits to people who may need it because of health or other barriers to access; e mail, phone and call back services; outreach surgeries delivered at community events; advisers being present at community events; specific Home Energy Scotland events; and webinars- which can be targeted at staff, people using services, or the general public.
- DAGCAS have existing referral links to Home Energy Scotland, and also provide some support themselves on energy issues including advice on reducing costs, on switching energy providers, on fuel debt and on dealing with disconnections.
- Other statutory and voluntary sector staff, including DGHSCP staff promote the work of Home Energy Scotland to the people they work with.
- The Lemon Aid Fuel Poverty Service run by Cunninghame Housing Association provides one to one support to the most vulnerable residents of Dumfries & Galloway which includes support to deal with energy suppliers around debts and billing problems- including to write off debt, supporting clients to access grants and Warm Home discounts, helping people who have self disconnected, helping or hand holding people through the process of switching suppliers.
- the hub in Dumfries provide advice and guidance on energy issues, and have also developed Home Heating Oil Support Project for people off grid, and a Winter Fuel Project for people over 60.
- Both Loreburn and DGHP offer support to their tenants which includes advice about energy usage and savings, and can also support tenants to switch to alternative energy providers.

Short Term Actions	Key Partners	Lead	Additional Groups	Resources Required
<p>A multi agency campaign is delivered focusing on reducing the impact of the very significant energy price rises coming, and further expected, in 2022/23. This will involve:</p> <ul style="list-style-type: none"> • Review of current printed and online materials/ content aimed at giving advice and information about ways to reduce the impact of rises in the short and longer term. • Production of additional materials/ content as necessary. • Promotion through statutory and voluntary sector staff of the advice and other services offered by Home Energy Scotland. • Increased outreach work by the Home Energy Scotland in key community based venues, as requested by community partners, which may include foodbanks and community cafes as locations where people most at risk of fuel poverty are engaging with other services, backed by sharing of written and printed materials with those attending. • Increased provision of webinars focused on key issues for key population groups and to promote the broader campaign. 	<p>Home Energy Scotland, D & G Council, DGHSCP, DAGCAS, Social Security Scotland, Loreburn, DGHP, third sector/ community organisations.</p>	<p>All key partners</p>	<p>Communications Group</p>	<p>Some work within existing resources, some additional resources-potential for staffing/ materials production.</p>
<p>Loreburn, DGHP, the Council, and DGHSCP review the specific contributions they can make to amplifying and adding to this campaign to ensure residents/ tenants/ patients can fully benefit from it.</p>	<p>Loreburn, DGHP, the Council, and DGHSCP</p>	<p>All key partners</p>	<p>Communications Group</p>	<p>Review element Within existing resources</p>

<p>Advice organisations and organisations working with people most at risk of fuel poverty look to develop or expand relationships with the Fuel Bank Foundation and other providers as identified to secure additional funding for, and technical support relating to, work providing help to people with their fuel bills/ providing emergency fuel top ups.</p>	<p>Advice organisations, community anchor, long term conditions and older people's organisations.</p>	<p>Wendy Jesson</p>	<p>Food Bank Foundation and other providers</p>	<p>Within existing resources to explore, potential resource commitment to administer</p>
<p>Approaches are made to staff in the public and third sectors working on climate change issues to explore the possibility of additional grants or other resources being levered in to work on fuel poverty.</p>	<p>D & G Council, Galloway and Southern Ayrshire Biosphere, Energy Agency ECO Funding</p>	<p>Wendy Jesson Emma Bernard (Development Contribution Officer - JP)</p>	<p>Wind Farm Providers</p>	<p>Within existing resources</p>

The Sub-Group approaches community trusts and organisations receiving community benefit monies from windfarms to explore whether some of those monies might be used to tackle fuel poverty (or potentially other rural poverty issues) given the challenges ahead, and learning from existing practice.	D & G Council	Wendy Jesson	Wind Farm Providers	Within existing resources
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Longer Term Actions	Key Partners	Lead	Additional Groups	Resources Required
The initial campaign on energy costs is developed and built on in future iterations reflecting learning from the initial campaign.	Home Energy Scotland, D & G Council, DGHSCP, DAGCAS, Social Security Scotland, Loreburn, DGHP, third sector/ community organisations.	All key partners	Communications Group	Additional resources
Loreburn and DGHP will continue to carry out investment work which improves the energy efficiency of existing stock, and will continue to build new stock which meets energy efficient standards, in Loreburn's case to 'Passivhaus' standards.	Loreburn, DGHP	Loreburn Housing	DGHP	Within existing planned resource spend.
The approach used by the Hub within its Home Oil Heating Project is expanded, and is replicated in other locations across the region.	The Hub, community anchor organisations	The Hub		Additional resources
If the energy market returns to more stable conditions, Loreburn, DGHP and the Council consider the potential for a collective switch campaign to reduce energy bills.	Loreburn, DGHP and D & G Council	All key partners	Citrus Lemon Aid – Fuel poverty project	Additional resources but cash raising potential
All construction projects with community benefit clauses should include an element focused on the reduction of fuel poverty, particularly in areas that are off grid.	D & G Council Planning/ Contractors	Development Contribution Officer – James Parker		Within additional resources

Consideration is given to technical advances such as Battery Storage Energy Projects and their potential to reduce fuel poverty.	Home Energy Scotland	Emma Bernard	Warm Works	Low level of additional resources
Community trusts and organisations receiving community benefit monies from windfarms invest in initiatives aimed at reducing fuel poverty in their area, working with the Council and Home Energy Scotland.	D & G Council, Home Energy Scotland, community development trusts.	Development Contribution Officer – James Parker	Wind Farm Providers and new Wind Farm developers CARES Development Officer	No additional resources to direct community benefit monies effectively.
Promotion of HEEP ABS funding for home improvements	Home Energy Scotland	Strategic Housing team (D&G Council) Wendy Jesson	Energy Agency	

Outcome 3

People living in poverty in rural Dumfries and Galloway face as small a rural poverty premium as possible.

Current Actions

- Dumfries and Galloway Council provides core funding for a number of community transport organisations which provide a lifeline for people living in remote rural communities.
- DGHSCP supports hospital transport provision which ensures that people from across the region can access health appointments.
- Dumfries and Galloway Council have developed a Food Growing Strategy as per the requirements of the Scottish Government.
- There are community pantry and fridge schemes covering some rural communities.

Short Term Actions	Key Partners	Lead	Additional Groups	Resources Required
The sub group engages with officers responsible for the Dumfries and Galloway Food Growing strategy to explore how it might be linked to work under this theme.	Sub group 3, D & G Council, DGHSCP	Wendy Jesson		Within existing resources
A conference, potentially jointly with other LAs, is held focusing on the rural poverty premium, which would seek not only to outline the issue, but identify potential responses, and would bring together key community, public sector and private sector organisations alongside elected members, in particular new elected members.	D & G Council, DGHSCP	Sue Irving (Chair Sub Group 3) Wendy Jesson	All Sub Group members	Small additional resource if in person.
The sub group approaches community trusts and organisations receiving community benefit monies from wind farms to explore whether some of those monies might be used to tackle rural poverty.	D & G Council, community trusts	Wendy Jesson		Within existing resources
DGHSCP to work with partners to ensure that access to Patient Transport continues to reach those in need and those experiencing poverty	DGHSCP	Philip Myers	D&G Council Transport Services Voluntary sector transport providers	Possible additional resources to be determined

Longer Term Actions	Key Partners	Lead	Additional Groups	Resources Required
The Rural Poverty Premium conference provides a seed bed of ideas for investigation and piloting.	To be determined	To be determined	To be determined	Additional resources to be determined
Projects and work are developed under a revitalised Food Growing Strategy are oriented towards reducing rural food insecurity.	D & G Council, DGHSCP community anchor and mental health organisations	To be determined (Wendy	To be determined	Additional resources

		Jesson to investigate)		
Where they are effective, community transport projects received sustained and expanded funding.	D & G Council	Wendy Jesson	D&G Council Transport Services TS D&G	Additional resources
Community trusts and organisations receiving community benefit monies from windfarms invest some of those resources in projects designed to reduce the rural poverty premium.	D & G Council, community trusts	Development Contribution Officer – James Parker	Existing and new Community Trusts	Redirection of trust resources.