

Appendix 1 - Equality Impact Assessment

1. Details of project to establish a Community Development Finance Institution over three years with a possible extension to five years.

The proposal is to establish a Community Development Finance Institution (CDFI) across three local authority areas of Falkirk, Fife and West Lothian. A CDFI is a social enterprise which offers affordable loans, budgeting advice and supports people to engage with other financial services such as savings, income maximisation and debt management. A CDFI provides an affordable alternative to high cost short term lenders and mainstream financial service providers whom financial excluded people cannot access. A CDFI targets households in Scottish Index of Multiple Deprivation areas, which are on low incomes and which will be excluded from accessing mainstream lending options. The proposal is to award a contract to an external provider for three years with an option of a further two across all three local authorities. It is anticipated that this would result in over 25,000 loans being made with a value of £10million and with a social impact of around £2.5 million (the amount saved for customers against using other credit providers). There will be increased numbers accessing support services including credit unions, advice services and mainstream financial services. It is anticipated that at the end of five years, the CDFI will be self-sustaining and be embedded into local credit provision.

Details of others involved	Elaine Nisbet, Anti-Poverty & Welfare Advice Manager Chris Rhodes, Accountant Donald Forrest, Head of Finance & Property Services Representatives from Fife and Falkirk Councils.
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Date assessment conducted	February 2017
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2. Aims of the proposed change to council policy or resources

The aim of establishing a CDFI is to support those households with a low income, no record of savings and who have an extremely poor or no credit rating to access affordable credit, build financial capability skills and support them to become financially included. The increasing numbers of low income households, on-going welfare reforms and increasing demand for short term borrowing and barriers to accessing credit has meant that households are increasingly turning to council services in a crisis. There has been a significant increase in the number of applications for crisis grants to help buy food and fuel.

This proposal aligns with the West Lothian Community Planning Partnership's Anti-Poverty Strategy and Single Outcome Agreement, as well as the council's Corporate Plan priorities, in particular aspiring to "minimise poverty, the cycle of deprivation and promote equality".

3. What equality data, research or other evidence has been used to inform this assessment?

Council and partners have considered evidence from Joseph Rowntree Foundation, Carnegie Trust, Scottish Parliament Welfare Reform Committee, Financial Inclusion Commission, The Affordable Credit Working Group, and Money Advice Service around financial exclusion, access to affordable credit and the poverty premium. The poverty premium is when low income households pay more for goods, services and credit. Council and partners have analysed a range of data gained from internal sources alongside national statistics to build up a picture of need.

Continued austerity related measures, economic and labour market challenges, and welfare reform related changes are forecast to assert greater pressures on low income households and increase the likelihood of income poverty and indebtedness.

There is a body of evidence which recognises that helping households become financially included enables people to navigate changes in their financial circumstances and helps them manage their money more effectively. This, in turn, makes them less reliant on public services, improves health and well-being and mitigates the effects of poverty.

The council commissioned a feasibility study on the viability of establishing a CDFI. This concluded that there was a strong case for a CDFI but that it would only be feasible and viable if a consortium approach was used. Falkirk, Fife and West Lothian Councils have formed a consortium. The aim of the CDFI is to increase access to affordable credit for households on low incomes, with little or no credit history and who do not have access to mainstream lending. The CDFI will offer a multichannel lending approach – face to face, telephone or via the internet. There will be one shop front (probably based in Bathgate) but there will be ‘pop up’ sessions in key locations across West Lothian to support access.

4. Details of consultation and involvement

There has been consultation with a range of partners: credit unions, anti-poverty strategy board, Advice Shop Money & Housing team, Carnegie Trust alongside colleagues in Fife and Falkirk councils. Discussion on affordable credit with customers as part of an initial assessment to ascertain their views to help inform the proposal. If the proposal to contract a CDFI provider is accepted by the Council Executive, there will be consultation with disability groups on the development of the CDFI.

5. Issues identified and 'protected characteristics' impact

(Covering: age; disability; gender; gender identity; pregnancy and maternity; race; religion or belief and sexual orientation equality)

The assessment considered the location of the shop front. However, analysis of the available data suggested that Bathgate and the west of the county have a higher level of households on low incomes. The shop front will not be in a council building as evidence suggested that hard-to-reach households would not engage if it was in a council building.

There may be accessibility issues related to the 'shop front' being in Bathgate which might have particular implications for those with disabilities, older adults those with caring responsibilities and certain ethnic groups. Individuals who have caring responsibilities may not be able to access services in 'peak' times, due to having no one available to look after their dependents.

The assessment considered the implications of this on service provision due to a concern over access for people with disabilities, older people and single parents, who are more likely to have transport issues. The 'shop front' will be in the main town centre in Bathgate to support people who will travel by bus or car.

The proposal aims to widen access by offering a service via the internet and through telephone channels. The assessment considered there are over 300 public access computers in a range of council buildings which would support access via the internet and that the majority of council buildings hosting public access computers are open during the day, Saturdays and some evenings.

The pop up sessions will be delivered after consultation with potential service users, stakeholders and other partners and to ensure that outlying areas have access to face-to-face service.

It was concluded that the particular impact of this measure for those protected groups will be low given that the CDFI will offer telephone and internet access alongside 'pop up' sessions in outlying areas of West Lothian.

6. What measures are in place to monitor the actual impact following implementation?

Following implementation, a local board consisting of key stakeholders and partners (eg. council services, voluntary sector, credit unions) will monitor the project in each of the three local authority areas. This will feed into an Advisory Level Board with senior representation from each of the local authority partners, Carnegie Trust, Council Leaders and customer representation) to monitor and evaluate. Annual reports will be produced and be submitted to the West Lothian Community Planning Partnership's Anti-Poverty Board and thereafter to the CPP Board.

The proposal is in the final stages of a funding bid to the Money Advice Service 'What Works' programme and the bid will provide extensive evaluation which will include analysis on customers with protected characteristics and the impact this service has. It is proposed that the evaluation is carried out by an external organisation and the evaluation service will work closely with the CDFI provider and Advisory Board to ensure that the data collected supports legislative compliance with equality monitoring.

7. Recommendation

- Implement proposal with no amendments
- Implement proposal taking account of mitigating actions (as outlined below)
- Reject proposal due to disproportionate impact on equality

8. Mitigating actions and additional outputs

The CDFI provider will be working with support services and offering desk space within the shop to ensure that there is additional advice and support on site and will refer customers to partners for additional support. Pop up sessions will be integral to delivery to ensure access and availability across West Lothian.