

Scotland



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Context

In 2010 the Scottish Government commissioned an in-depth analysis of the future delivery of public services, “The Christie Commission”¹⁸⁹ which reported back in 2011. The Scottish Government’s response¹⁹⁰ and subsequent approach to public service reform closely reflects the key themes and aims of the Christie Commission and is built on four pillars:

- a decisive shift towards prevention;
- greater integration of public services at a local level driven by better partnership, collaboration and effective local delivery;
- greater investment in the people who deliver services through enhanced workforce development and effective leadership; and
- a sharp focus on improving performance, through greater transparency, innovation and use of digital technology.

These are key priorities for the Scottish Government over this current Parliament and will intensify the focus on improving service outcomes for the people of Scotland. We have already seen the integration of health and social care and the introduction of Curriculum for Excellence in all schools.

The current Programme for Government 2015/16¹⁹¹ aims to create a fairer and more prosperous nation, in which opportunities are open to everyone and where because of that, everyone is able to contribute their talent, skill and commitment. It includes a new Private Tenancies Bill which is intended to provide tenants with protection against excessive rent rises and steps will also be taken to deliver a new social security system,* as soon as the power is granted. As the next phase of Curriculum for Excellence, a new National Improvement Framework for Scottish Education will be developed and implemented, to ensure that all children are being equipped with the skills they need to get on in the world.

*The Scotland Bill¹⁹² is currently being considered by the UK and Scottish Parliaments and sets out the UK Government’s proposals for the implementation of the recommendations of the five-party Smith Commission in November 2014. Some of the main provisions of the Bill cover: powers for the Scottish Parliament to set rates and thresholds of Income Tax; devolution of certain social security benefits, including disability and carers’ benefits; and powers for the Scottish Parliament to adjust Universal Credit in Scotland including the housing element.

The Scottish Government has also opened up a national dialogue about how the country can be a fairer and more equal place to live. “Creating a fairer Scotland”¹⁹³ will invite people to set out their vision of a fairer Scotland and suggest practical solutions, based on local and personal experience. Capturing the voices of those with direct experience of poverty and exclusion will be vital.

¹⁸⁹ <http://www.gov.scot/Publications/2011/06/27154527/0>

¹⁹⁰ <http://www.gov.scot/Resource/Doc/358359/0121131.pdf>

¹⁹¹ <http://www.gov.scot/Resource/0048/00484439.pdf>

¹⁹² <http://services.parliament.uk/bills/2015-16/scotland.html>

¹⁹³ <http://fairer.scot/about/>

The Government policies that will have relevance and impact on the Financial Capability Strategy for Scotland include:

Early Years Framework¹⁹⁴ – partners across Scotland have been building a shared understanding of why children’s early years experiences are so important and how big a part they play in individual life outcomes. From this the Early Years Collaborative (EYC) was formed which is a coalition of Community Planning Partners, including social services, health, education, police and third sector professionals committed to ensuring that every baby, child, mother, father and family in Scotland has access to the best support available. By the end of July 2015 there are over 530 government supported EYC improvement tests underway all over Scotland. These plus the eight Key Change themes, are helping identify what works to make the biggest difference in children’s lives including an income maximisation model that entails midwives identifying and referring vulnerable families to local welfare benefits advice services.

Child Poverty Strategy¹⁹⁵ – The 2014 revision of the Child Poverty Strategy focuses on maximising household resources, reducing pressure on household budgets among low income families, improving children’s wellbeing and life chances. It also promotes greater financial inclusion and capability to ensure people have a basic understanding of how to manage their money more effectively. The most recent report¹⁹⁶ tells us that the number of households with children that report not managing well financially and the proportion with access to a bank account has been relatively stable since 2004.

Getting it Right for Every Child (GIRFEC)¹⁹⁷ – this provides a delivery framework for all services and agencies working with children and families. It covers key actions being undertaken by the Scottish Government and its partners to tackle, amongst other things, the social problems experienced by some children and communities in Scotland. It aims to improve the early years’ experience in Scotland to address issues such as poverty, poor health and poor attainment.

National Parenting Strategy¹⁹⁸ – The National Parenting Strategy is all about valuing and supporting Scotland’s parents as one of the single biggest ways of giving children the best start in life. This is about making it easier for parents to understand the positive difference they can make to their child’s development, helping parents to feel confident in their ability to care for their children, feel reassured that help is available if and when they need support and ultimately making parenting an even more rewarding experience.

These **strategies** will have strong connections to the children and young people section of the Financial Capability Strategy for Scotland. Research confirms that the brain is in a period of rapid development throughout childhood and adolescence, creating, strengthening, and discarding the connections which govern everything we do.¹⁹⁹ This includes our attitudes about, and our ability to manage our money, potentially from the age of three years old. We also know that peers and family members play a key role in reinforcing financial education and providing role models

National Youth Work Strategy 2014-19²⁰⁰ – The ambition of this strategy is that all young people, in every part of Scotland, should have access to high quality and effective youth work practice. Since the Youth Strategy of 2007 started this process there have been many achievements to date including youth work now being recognised as a vital component in a wide range of national policy areas such as justice, health, employability and education. The Financial Capability Strategy for Scotland will look to form new connections for the young adult strategy and wherever possible, seek to involve young adults in the initiation and design of interventions. For example, through peer-to-peer or near-to-peer support and in the use of digital technology including financial technology.

¹⁹⁴ <http://www.gov.scot/Resource/Doc/257007/0076309.pdf>

¹⁹⁵ <http://www.gov.scot/Resource/0044/00445863.pdf>

¹⁹⁶ <http://www.gov.scot/Resource/0048/00487238.pdf>

¹⁹⁷ <http://www.gov.scot/Topics/People/Young-People/gettingitright>

¹⁹⁸ <http://www.gov.scot/Resource/0040/00403769.pdf>

¹⁹⁹ Habit formation and learning in young children, Money Advice Service, 2013

²⁰⁰ http://www.educationscotland.gov.uk/Images/YouthWorkStrategy181214_tcm4-823155.pdf

Developing the Young Workforce²⁰¹ – Since 2014 the Scottish Government has embarked on a seven year national programme which will look to substantially and permanently improve the transition of all young people from education into sustainable, productive employment. The number of Modern Apprenticeship opportunities available each year has increased from over 21,000 starts in 2010/11 to over 25,000 in each of the last 3 years. The Financial Capability Strategy for Scotland can work across this framework to support money management learning in all of the contexts included in the programme.

The Strategy for Justice in Scotland²⁰² – within this strategy some of the focus includes building legal capability which will equip people and communities with the knowledge and resources to identify, prevent and resolve issues affecting their rights and responsibilities at the earliest opportunity and at the most appropriate level. Debt problems feature significantly in both criminal and civil justice. The Financial Capability Strategy for Scotland will support work in these area including work with young offenders.

Digital participation strategy²⁰³ – The aim of this strategy is to grow levels of digital participation by individuals, so that Scotland has the highest rates of participation among UK countries by end 2015. In Scotland access to the internet has continued to grow steadily. The proportion of households with internet access in Scotland now stands at 76%, compared to 40 % at the beginning of 2003.

Scotland's Digital Future: Delivery of Public Services²⁰⁴ – The Scottish Government is working with the wider public sector to achieve public services that are high quality, continually improving, efficient and responsive to local needs. This strategy sets out the vision and ambitions to take this forward. An example of progress includes Skills Development Scotland's "My World of Work"²⁰⁵ which helps individuals find out what kind of job they would be suited to and how they can go about getting it.

Digital learning strategy consultation²⁰⁶ – this consultation will run until December 2015 and seeks views on the development of a Digital Learning and Teaching Strategy for Scotland.

Cyber resilience strategy consultation²⁰⁷ – this consultation takes forward Scottish Government's commitment to building cyber resilience amongst our communities, our businesses and our public services. With ever increasing digital connectivity and opportunities comes new risks.

These strategies will have relevance across all of the age groups within the Financial Capability Strategy for Scotland in relation to ease and accessibility, digital and financial inclusion. For example, working with digital initiatives to promote the financial benefits of being online to those not interested in banking online and making sure financial capability resources are embedded in services for users. All of these issues will feed into the developing Financial Capability Strategy for Scotland which will continue to evolve over the next ten years as any new legislation, new devolved powers, financial and social changes come into effect.

²⁰¹ <http://www.gov.scot/Resource/0046/00466386.pdf>

²⁰² <http://www.gov.scot/Resource/0040/00401836.pdf>

²⁰³ <http://www.gov.scot/Resource/0044/00448804.pdf>

²⁰⁴ <http://www.gov.scot/Resource/0040/00407741.pdf>

²⁰⁵ <http://www.myworldofwork.co.uk/>

²⁰⁶ <https://consult.scotland.gov.uk/learning-directorate/digital-learning>

²⁰⁷ <https://consult.scotland.gov.uk/cyber-resilience-policy-team/cyberconsultation>

Scotland Financial Capability Survey 2015

Money Advice Service research shows that around two fifths of Scottish adults aren't confident managing their money. Those who manage less well tend to be younger working age adults, particularly 18-24 year olds, recipients of benefits and tenants in social housing but problems are not confined just to these groups.

Around two in five Scottish adults are preparing for and managing life events with those aged 25-54 performing better. There are still on average 49% of people struggling or falling behind and of those who are over-indebted only 16% are currently consulting an external advice organisation about debt.

In terms of skills and knowledge 17% of adults in Scotland found it challenging to answer questions about reading a bank balance and 33% was unable to correctly calculate an account balance after interest is added. This raises questions about the extent to which consumers can effectively select and manage financial products and services.

Around half of Scottish adults indicate a mindset that focuses more on their current needs and wants and also don't think it's very important to save (either for a rainy day or for retirement).

There is scope to improve people's engagement with money. A quarter of Scottish adults do not discuss money openly with friend or family; 13% are too busy to sort their finances at the moment and Scottish adults are slightly less likely to think it's important to shop around compared to the UK.

Only 58% of adults in Scotland are happy to bank online. Older people in retirement are least likely to have accessed the internet in the past seven days or are happy to bank online. Whilst younger people scored higher on both these measures their levels of confidence making financial product/service decisions are lower (only 27% felt very confident compared to 60% of older people in retirement).

The Scotland Financial Capability Strategy

The Scotland Strategy and its action plans are being developed in consultation with a wide number of stakeholders across Scotland including the Scottish Government, local government, public bodies, the advice sector, housing associations, third sector organisations and financial services providers. It sets out how the Money Advice Service will work with the sector to improve financial capability across Scotland.

The Strategy will be owned and managed by the Scotland Forum, chaired by Money Advice Scotland and includes representation from a wide range of organisations.

In order for the strategy to succeed in Scotland, it is essential that these key stakeholders work to a common set of goals. Members of the Forum have agreed the following key priorities for Scotland.

Over the next ten years, the Scotland Strategy aims to target the following areas:

Need

- Money advice is part of managing day-to-day and not for financial difficulties only
- Needs of vulnerable groups are met and are not further marginalised
- More of those who need them are taking up basic products and services to manage their money

Knowledge

- A step change in the number of people regularly using a planned approach to managing income and expenditure
- Preparing young people to meet financial challenges in their adult life
- Supporting people to develop their knowledge (including digital) enabling them to access the best financial products and services and detect scams and fraud

Accessibility of advice

- All people who receive debt advice to be provided with financial capability training/support
- Existing touchpoints with employers, local authorities and NHS are maximised and leveraged
- A significant increase in the proportion of people with problem debt seeking help
- Young people, parents and families have better support around accessing affordable credit

Planning for future events

- Better understanding of income needs in retirement
- More people have a savings buffer for unplanned expenditure, reducing reliance on short term credit and access to affordable credit