

# **South Derbyshire Partnership**

## **Report to the Board**

**Date of meeting: 17 January 2013**

**Agenda Item: 5**

### **FINANCIAL CAPABILITY**

#### **1.0 Recommendations**

1.1 It is recommended that Board Members approve the allocation of funds to undertake Financial Capability work.

#### **2.0 Purpose of the Report**

2.1 To respond to Members' concerns regarding Financial Capability - this was raised at the September Board meeting in response to a discussion on changes to benefit arrangements anticipated in April 2013.

2.2 To propose the delivery of Financial Capability work, in the form of group learning sessions led by South Derbyshire Citizens Advice Bureau.

#### **3.0 Details**

3.1 Financial products and services have grown enormously both in their number and complexity over the last 25 years. At the same time, successive governments and employers have asked people to take more responsibility for managing their finances. The ever-widening range of financial choices that people now have to make throughout their lives can be a bewildering experience for many, especially for those who have debts and/or are struggling to meet their financial commitments. The Financial Services Authority's Baseline Survey found that many people are not equipped with the skills or knowledge needed to negotiate these decisions.

3.2 Financial Capability is about: Being able to manage money; Keeping track of finances; Planning ahead; Choosing financial products; and, Staying informed about financial matters. Financial Capability work aims to be proactive and preventative. It is about giving individuals the skills, knowledge and confidence to make the financial choices that are right for them and help them to avoid crises. Typical issues addressed include: Dealing with debts; Making, and sticking to, a household budget; Understanding the pros and cons of different kinds of credit; and, Opening and using a bank account.

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3.3 Financial Capability work aims to help prevent crises:

- Reduces risky borrowing behaviour leading to debt.
- Improves take up and awareness of benefits and entitlements.
- Improves awareness of preventative measures like building up emergency funds.
- Improves access to mainstream financial products and more economical utility tariffs that accompany them.
- Helps to maintain tenancies.
- Early warning – sessions can throw up group members with debt issues at an earlier stage, so they can take steps to address them or get help.

3.4 It is proposed to deliver a series of Financial Capability learning sessions for groups in order to better equip local residents with financial skills. The sessions would target those who are particularly vulnerable in today's increasingly complex financial environment and would be delivered in community venues.

3.5 South Derbyshire Citizens Advice Bureau (CAB) has previous experience of delivering Financial Capability sessions in the area. This work would complement the CAB's existing activities and those of a number of other agencies, such as Midlands Community Finance, who include elements of financial capability work within their main activity.

## **4.0 Financial Implications**

4.1 The cost of a 5 hour session of training has been calculated at some £200 and it is proposed that the Partnership provides £600 to fund 3 initial sessions following which the demand for further training will be assessed.

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