



FINANCIAL RESILIENCE IN FISHING COMMUNITIES

POLICY BRIEF NO.14 - FEBRUARY 2022

OVERVIEW

- Fishers, especially those paid based on a share of catch value, experience financial insecurity due to irregularity of income and a lack of financial support compared to those who are traditionally employed.
- The Fishing Without a Safety Net report, delivered by The Seafarers' Charity in 2019, proposed 10 key recommendations to increase the financial resilience of UK share fishers, including reinstating an HMRC tax-budgeting scheme and providing financial education training to new entrants.
- New specialist financial services are available to fishers, including a range of savings accounts and loan services launched by CommSave Credit Union in 2021.
- Collaborations between local authorities, fishers and coastal communities have proven effective at distributing funds and offering loans to fishing communities.
- Some industry members are exploring the benefits of community initiatives, with many also requesting additional targeted government support to help improve resilience within their local coastal communities.

BACKGROUND

Financial resilience is known to be challenging to obtain and sustain within UK fishing communities due to factors such as irregularity of income and a lack of financial support and services available. Across the country, however, a diverse range of organisations and individuals including charities, financial institutes,

councils and industry members have made attempts to address this issue. On 30 November 2021, the APPG on Fisheries brought together a variety of speakers to share their insights and experiences. This brief details the case studies explored during the event and how the approaches discussed can contribute to building financial resilience amongst fishing communities.

This briefing summarises the outputs from the APPG on Fisheries open Parliamentary webinar, 30 Nov 2021. The meeting brought together speakers from a range of organisations across the UK, to discuss their work building financial resilience amongst members of the fishing community. This document is a synthesis of the discussions that took place.

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THE SEAFARERS' CHARITY

The Seafarers' Charity (1) (formerly Seafarers UK) has been active for over 100 years, acting as a grant funder for safety initiatives and services that benefit people who work at sea, including fishers. In 2019, the charity commissioned the "Fishing Without a Safety Net" report (2) which examined the financial resilience of small-scale coastal fishers and their communities.

Self-employed "share fisher" status (meaning that an individual's payment consists of a share of a vessel's profit) was found to be a key contributing factor to financial precariousness for active fishers, given the insecurity and irregularity of incomes. Share fishers also commonly reported a lack of financial capabilities, especially regarding budgeting for savings, tax, pensions, and National Insurance - skills which are vital for those who lack the financial support that employed workers typically benefit from. Fishers also sought advice on welfare benefits and over-indebtedness, and noted a lack of holiday pay and difficulties accessing insurance products.

To address these problems, the report delivered ten key recommendations, six of which were related to policy. These were:

- 1 - To develop a national action plan for each of the UK's four nations.
- 2 - To support new entrants into the industry.
- 3 - To reinstate an HMRC tax-budgeting scheme for fishers.
- 4 - To encourage pension auto-enrolment for fishers.
- 5 - To review the welfare benefits system to ensure that it provides a swift and adequate safety net.
- 6 - To promote fair prices for UK fish.

The report's remaining four recommendations related to the work of charities. The Seafarers' Charity has already taken actions to fulfil these recommendations, including:

- 1 - Encouraging fishers to join CommSave Credit Union, which offers bespoke financial services for fishers.
- 2 - Working with Seafish to create a financial education training course for 200 new entrants each year.
- 3 - Training "Financial Champions" within the industry to offer peer-to-peer financial learning opportunities.
- 4 - Developing a "one-stop shop" website (3) and physical resources to promote available financial and welfare support.

COMMSAVE CREDIT UNION

Typically, fishers may find that many financial services are unavailable or expensive to access, due to the financially atypical and often fluctuating nature of the incomes of industry members. Now, new initiatives are providing targeted support.

CommSave Credit Union (4) has operated since 1991 and serves a diverse range of employment sectors across the UK. Its core aim is to "provide an easy way to save, and a better way to borrow" (5). CommSave was approached by The Seafarers' Charity in 2020, following the publication of the "Fishing Without a Safety Net" report, and rolled out their services for fishers in April 2021 (5,6).

CommSave offers a diverse range of loans to members (7). One of these has specifically been designed to address the need of fishers who have had an application for government funding approved but who can only receive funding in arrears, once they have already made the initial, temporary investment themselves. By offering this service, CommSave hopes to reduce fishers' reliance on potentially high-cost "payday" loans, which industry members have reported turning to due to the reluctance of high-street banks to offer loans themselves (2,5).



Another loan offered by Commsave is their “Orbital Loan” (8). This works similarly to an overdraft but at a lower interest rate than would usually be available from a payday lender. CommSave promotes this loan as a useful solution for those who experience unexpected shortfalls or expenses, and it is offered without arrangement fees and settlement penalties, regardless of an individual’s credit history (5).

In addition to loans, CommSave offers a range of savings accounts, including one that is able to send tax payments directly to HMRC on the customer’s behalf (5,9). All savings accounts offer competitive dividends and bereavement cover for a named beneficiary, at no additional cost. Further exclusive benefits are available to all members, including financial advice resources and money tools that can be accessed via the curight.co.uk website (10).

NORTH EAST SCOTLAND FISHERIES LOCAL ACTION GROUP

The North East Scotland Fisheries Local Action Group (NESFLAG) (11) was established in 2014 to deliver local fisheries projects under the European Marine Fisheries Fund (EMFF) (12). It was one of eight FLAGs established across Scotland (with more established across the EU), and was designed to offer a partnership between the fishing industry and other private, public, and community stakeholders. These diverse partners collaborated to distribute funds and implement local development strategies, prioritising the area’s economic, social, and environmental needs.



FLAGs were previously funded under the EMFF but have now been discontinued at the national level (12). However, NESFLAG has secured a long-term annual allocation derived from revenues generated from the coastal assets of the Scottish Crown Estate, based on its demonstrable success in delivering community-led local development (12). A portion of Crown Estate Scotland’s revenues are therefore allocated each year to the Coastal Communities Challenge Fund, with NESFLAG assessing and approving grant applications. As such, NESFLAG plays a key role in distributing funds back into the communities in which they were generated (13).

The communities served by NESFLAG include some of the biggest ports in the UK, namely Peterhead and Fraserburgh, as well as many small fishing villages across the region (12). A flexible and varied approach has therefore been taken to address communities’ unique challenges. Projects that have received funding include an ice machine and chill room for Rosehearty Harbour and Inshore Fishermen’s Association (14), a seafood festival in Peterhead (15), and a harbourside direct-to-consumer retail space in Johnshaven (16).

OUTER HEBRIDES

The Outer Hebrides are islands located 45km off the west coast of Scotland, bordering a large proportion of Scottish waters (17). The islands’ fisheries have faced numerous challenges over recent decades, with the number of vessels and fishermen declining since 1973 by 22% and 34%, respectively (17). Over this period, landings have transitioned from primarily pelagic and white fish to mostly shellfish, and UK consumer choices mean that the market is now heavily dependent on exports (17).



Comhairle nan Eilean Siar (CNES) (18) have been referred to as a “model local authority” by the Western Isles Fishermen’s Association (WIFA), owing to the strong links they have built with the industry to try and address its financial resilience problems (17). Following the closure of a previous successful loan guarantee scheme, in partnership with the Royal Bank of Scotland (RBS) in 2013, CNES and WIFA partnered with RBS again to establish the Fisheries Investment Scheme (19), through which successful applicants could borrow up to £100,000 or 40% of project costs for a maximum of 10 years (17). Since the scheme’s launch, 50 applicants have been approved, resulting in £8.53 million of investment. This is estimated to have safeguarded 130 jobs in the region and resulted in a “bad debt” of only £12,000 (17).

Despite the success of the schemes in increasing the financial resilience of the region’s fisheries, challenges remain (17). According to industry representatives, the islands are faced with an aging population and fleet structure, and a lack of affordable housing and rigid immigration rules have resulted in a shortage of deckhands. The islands are also impacted by constrained access to affordable quota and limited means of income diversification beyond existing fisheries (17).

Opportunities for improved financial welfare exist, however. Industry representatives propose that extending the existing quota scheme to include white fish would support the industry, as would a relaxation of immigration rules (17). Improved connectivity to market, funding to replace the EMFF, and the continuation of the Scottish Government’s First Time Ownership Grant Scheme to support new entrants would also help to secure the financial resilience of fisheries in these heavily-dependent coastal communities (17).

FAL FISHERY COOPERATIVE CIC

Fal Fishery Cooperative Community Interest Company (20) is a not-for-profit organisation that brings together sailors, oyster gatherers, merchants and researchers to manage a native oyster aquaculture site in the Fal Estuary, Cornwall. The cooperative was incorporated in 2019 but the journey started in 2008 when its founder, Chris Ranger, rebuilt a wooden boat and began harvesting shellfish under sail (21).

Native oysters are a critically endangered species that store carbon, cycle nutrients, and create reef habitat for other species. (21,22). Fal Fishery Cooperative CIC’s work to sustainably manage the species has garnered the support of scientists, conservationists, and over 200 donators (21). Owing to this environmentally-friendly reputation, the Cooperative has been able to crowdfund over £20,000 for a native oyster hatchery and an associated algae farm, via their #SavingESTER campaign (“ester” being the Cornish word for oyster) (23).

While this approach has proved useful in establishing projects, it has not yet necessarily contributed to the fishery’s long-term financial security (21). The fishery faces financial challenges due to the variability in both the market prices and population sizes of oysters, as well as changes in minimum landing size (21). Management initiatives that offer financial support based on fisheries’ conservation and scientific contributions would help this type of work to generate a more sustainable income in the future (21).

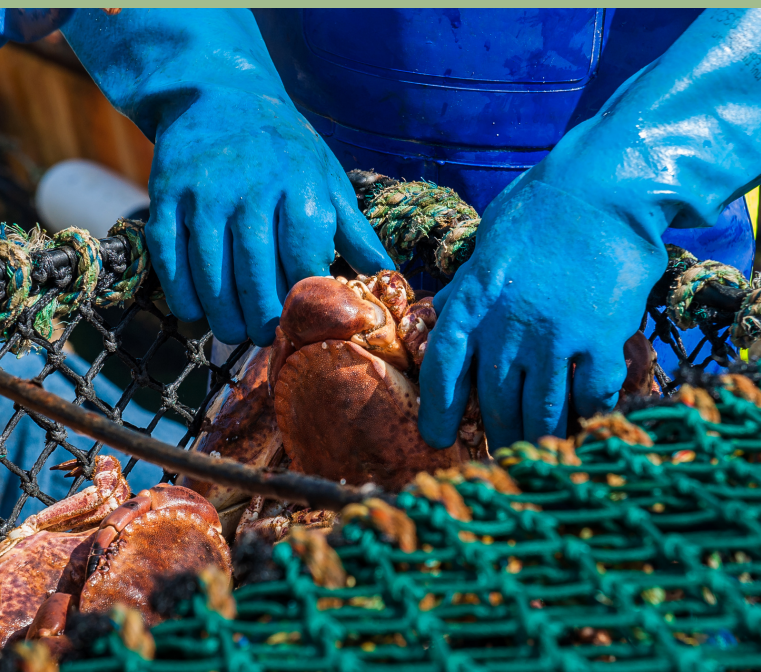


CONCLUSIONS

Research has shown that fishers commonly report financial difficulties due to the unpredictable nature of fishing conditions, which can impact the number of days a boat spends at sea and thus the level of pay received by share fishers whose income is based on the value of a vessel's catch. Fishers also report a lack of financial knowledge and the absence of financial support commonly received by traditionally employed workers.

To address these issues, a number of initiatives have been established across the UK to help fishers and coastal communities improve their financial resilience. These include charitable support, specialised financial services and crowdfunding campaigns, as well as collaborations between local authorities, coastal communities and fisheries associations to fund projects and offer loans.

Charities and industry members call for further government support to ensure the welfare of the fishers and coastal communities that rely on this often financially challenging industry.



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