

## **EAST AYRSHIRE COUNCIL**

### **POLICY AND RESOURCES COMMITTEE: 20 SEPTEMBER 2005**

#### **SCOTTISH EXECUTIVE FUNDING TO SUPPORT FINANCIAL INCLUSION**

##### **Report by the Executive Director of Educational and Social Services**

### **1. PURPOSE OF REPORT**

- 1.1 The purpose of this report is to advise members with regard to New Financial Inclusion Funding which will be made available to the Council from April 2006;  
  
and
- 1.2 To seek the approval of members for arrangements in relation to the Fund to be progressed by the Executive Head of Social Work in her capacity as lead officer for the Eliminating Poverty theme of the Community Plan.

### **2. BACKGROUND**

- 2.1 13% of Scottish households have no bank account, savings or insurance. Levels of unmanageable personal debt are rising. One of the ways that the Scottish Executive is seeking to address these issues through improving the quantity and quality of money advice services available.

### **3. THE FINANCIAL INCLUSION FUND**

- 3.1 £10m will be allocated over the next two years to support Financial Inclusion in the ten local authority areas identified as having the greatest concentration of financial exclusion. The allocation is based on Scottish Household Survey information, which indicates that in East Ayrshire, some 10.5% of the population have no bank account or savings and that a further 18% are income deprived.
- 3.2 The allocation is further to the additional specific funding in relation to money advice already made to Local Authorities and utilised to deliver services both directly by the Council and through our principal partner agency, in this respect the Citizens Advice Bureau.
- 3.3 The additional funding is intended to address the objectives and targets set out within the Financial Inclusion Action Plan published by the Scottish Executive in January 2005 as part of the *Closing the Opportunity Gap* approach to tackling poverty and deprivation.
- 3.4 In recognition of their lead role in Community Planning Partnerships and Regeneration Outcome Agreements, a significant proportion of the Executive's funding for financial inclusion will be channelled directly through local authorities.

- 3.5 The funding will be made available from April 2006 and the Executive expects local authorities to take the lead in planning the use of all the relevant funds and to do so jointly with their partners.

#### **4. OPTIONS FOR USING THE FUNDING**

- 4.1 The area of financial exclusion falls within the strategic planning context of the Eliminating Poverty Action Plan which underpins the Community Plan and is lead by the Executive Head of Social Work.

- 4.2 Following a Best Value Review, Social Work has recently reconfigured its Anti Poverty services to focus on in-house service provision to the most vulnerable, whilst promoting and developing partnership working initiatives with partner organisations (including the Citizen's Advice Bureau) to ensure choice and accessibility of service provision to all.

- 4.3 In line with the above, the following groups have provisionally been identified as areas where it may be appropriate to develop provision either through enhancing in-house provision or further developing partnership working.

- Vulnerable young people
- Promotion of financial education within schools
- Lone parents
- Carers
- Improved provision to rural communities
- Older People
- People with mental health problems
- People in hospital or other health based settings

#### **5. FINANCIAL IMPLICATIONS**

- 5.1 The Financial Inclusion funding can be directed towards in-house service provision or services delivered by other organisations. Detailed guidance from the Executive on the use and monitoring of existing and new resources for financial inclusion will be issued later in 2005.

- 5.2 East Ayrshire Council will receive £350,000 annually for 2006/07 and for 2007/08 to promote Financial Inclusion within its area. (This is in addition to the £134,000 allocated in respect of money advice provision).

#### **6. LEGAL/POLICY IMPLICATIONS**

- 6.1 This report directly supports the Eliminating Poverty theme of the Community Plan.

#### **7. RECOMMENDATIONS**

- 7.1 Members of the Policy and Resources Committee are invited to:

- (i) approve the identification of the Executive Head of Social work as lead officer for the Council in respect of the Financial Inclusion Fund;

- (ii) request the Executive Head of Social Work to work in conjunction with Community Planning Partners (via the Eliminating Poverty Action Plan Group) to develop detailed proposals for utilisation of the allocation;
- (iii) request the Executive Director of Educational and Social Services to present a report to a future Policy and Resources Committee detailing the proposals and seeking the approval of the Committee thereof;
- (iv) otherwise note the contents of the report.

**John Mulgrew,  
Executive Director of Educational and social Services,  
26<sup>th</sup> August 2005**

### **LIST OF BACKGROUND PAPERS**

1. Financial Inclusion Action Plan, Scottish Executive, January 2005

For further information please contact:  
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**IMPLEMENTATION OFFICER: JACKIE DONNELLY**