

**EAST AYRSHIRE COUNCIL
POLICY AND RESOURCES COMMITTEE
TUESDAY, 28th MARCH, 2000**

CUMNOCK DISTRICT CREDIT UNION

Report by the Chief Executive of East Ayrshire Council

1. Purpose of Report

- 1.1 The purpose of this report is to seek approval from the Policy and Resources Committee to provide support to Cumnock District Credit Union through the Social Inclusion Partnership funds by the purchase of suitable premises for their project at 11 The Square, Cumnock.

2. Background

- 2.1 On 27th August, 1999, the Scottish Executive confirmed the approval of the East Ayrshire Coalfield Area Social Inclusion Partnership Implementation Plan.
2. The approved Programme of Projects included funding for financial year 1999-2000 and for financial year 2000-2001 to support an Anti-Poverty Initiative (now called the Cumnock District Credit Union).

3. Current Position

- 3.1 The Cumnock District Credit Union has progressed the project in accordance with the aims, objectives and core tasks identified within the Development/Implementation Plan.
- 3.2 The volunteers are in the process of completing appropriate training through the Association of British Credit Unions Limited and it is anticipated that the Credit Union will be registered early summer 2000.
- 3.3 The key task identified in the project Implementation Plan for year commencing 1st April, 2000, is the securing of appropriate premises. Research by John Moores University Liverpool has confirmed that premises and staff are the key factors in all successful credit unions and the most successful are those which operate from their own premises from the start. The study group has therefore spent some considerable time identifying appropriate premises, until recently without success.
- 3.4 Premises have now become available within The Square, Cumnock. These are on the ground floor and in the view of the Credit Union study group are ideal for their purposes. The property is available however only for sale and is not available for lease.

4. The Proposal

4.1 The study group are of the view that this is an important opportunity to obtain premises and have therefore enquired as to whether the Social Inclusion Partnership funding could be made available to support the purchase of the property. The time available to submit an offer of purchase is very short and other potential sources of funding would not be available within the time period required.

4.2 The asking price of the premises is offers over £25,000.

5. Discussion

5.1 The establishment of a Credit Union is strongly supported by the Social Inclusion Partnership and the need to identify premises at an early date to facilitate the success of the Credit Union is recognised. Suitably located appropriate accommodation is not readily found and therefore, in principle, the securing of the property is desirable.

5.2 The proposal has been informally discussed with Local Elected Members and with members of the Coalfield Communities Federation and support in principle is being received.

6. Social Inclusion Partnership Funding Options

6.1 The best estimates of expenditure for Social Inclusion Partnership Funds this financial year currently suggests a potential budget surplus of £10,000. This surplus may in the event be larger but it is unlikely that sufficient funds would be available from this year's budget to support in full the purchase of the property even if the Committee were so minded.

6.2 The Implementation Plan for the Cumnock District Credit Union for financial year 2000-2001 does however identify funding for the leasing and resourcing of premises. This funding together with the potential SIP surplus would provide sufficient funds to allow the purchase of the premises. Should a substantial proportion of next years funding allocation to the Cumnock District Credit Union be used to purchase the premises however the balance remaining to support the running and resourcing of the premises would be reduced. This balance might be used as match funding for an application for additional funding support from, for instance, the Coalfields Regeneration Trust or consideration could be given to increasing the Social Inclusion Partnership support to the project in financial year 2000-2001.

- 6.3 The Scottish Executive has been informally approached regarding the proposal to use SIP funds to support the purchase of the premises and the officers have agreed in principle to the proposal so long as there is compliance with the Council's and Scottish Executive's conditions of grant.
- 6.4 Particular regard would therefore have to be made to Section 31 of the standard terms and conditions of grant of the Scottish Executive Development Department Social Inclusion Partnership Fund. This relates as to whether the property should be purchased by the Local Authority on behalf of the Credit Union or whether the property be owned by the Credit Union and reverts to the Local Authority in the event of the Credit Union ceasing to trade in the future. In the event of the Council undertaking to purchase the property on behalf of the Credit Union then approval will be required by Scottish Ministers.
- 6.5 As the Credit Union is still in its infancy it would seem more appropriate for the Council to purchase the property and lease it to the Credit Union on favourable terms including an option to purchase at a future date if required.

7. **Policy Implications**

- 7.1 The proposals are consistent with the objective of establishing a Credit Union within the Coalfield area and are in principle acceptable to the Scottish Executive.

8. **Financial/Legal Implications**

- 8.1 The consent of Scottish Executive Ministers would be obtained for the purchase. The Council's Head of Economic Development and the Solicitor to the Council would be providing assistance to submit an appropriate offer for the property ensuring value for money and protection of the Council's interests.

9. **Recommendations**

- 9.1 The Policy and Resources Committee are asked to (i) agree in principle to providing grant aid support through the Social Inclusion Partnership Fund from this year's budget and if required next year's budget to facilitate the purchase of premises at 11 The Square, Cumnock for use by the Cumnock District Credit Union,
(ii) authorise the Chief Executive to (a) obtain approval for the proposal from the Scottish Ministers, and (b) negotiate the purchase of the premises on behalf of the Council at appropriate terms and conditions,

(iii) thereafter let the property to the Cumnock District Credit Union at a peppercorn rent with an option to purchase, and (iv) agree in principle to increasing the budget allocation to the Cumnock District Credit Union for next financial year to facilitate the resourcing and the running of the office if required.

David Montgomery
Chief Executive

20th March, 2000

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List of Background Papers

- (i) East Ayrshire Coalfield Area Social Inclusion Partnership Implementation Plan.
- (ii) Cumnock District Credit Union Implementation Plan.

Any person wishing to inspect the background papers relative to this report should contact David Hewet, Executive Office, East Ayrshire Coalfield Area SIP on telephone number (01290) 424423.

AGENDA