

South Ayrshire Council

**Report by Director of Strategic Change and Communities
to Cabinet
of 23 May 2023**

Subject: Financial Inclusion - Cost of Living Crisis

1. Purpose

- 1.1 The purpose of this report is to provide Cabinet with information on customer trends identified since the beginning of the cost of living crisis and on financial inclusion support available from Council services.

2. Recommendation

2.1 It is recommended that the Cabinet:

- 2.1.1 notes the customer trends identified;**
- 2.1.2 notes the cost of living support currently provided by Council services; and**
- 2.1.3 approves the further development of a strategy and action plan to address the wider financial inclusion agenda.**

3. Background

- 3.1 The cost of living crisis is having a demonstrable impact on local communities, with many people struggling to manage increasing financial pressures. The impact of the crisis on local people, the local economy and on council services has resulted in the cost of living crisis being identified as a significant risk on the Council's Risk Register.
- 3.2 A Member/ Officer Working Group has been established to consider the activities being undertaken by the council to mitigate the impact of the cost of living crisis.
- 3.3 A range of services provide support to people most affected by the cost of living crisis. This report will outline trends identified by these services and the provision available to support residents.
- 3.4 Information relating to local trends and service provision by the Information and Advice Hub, Thriving Communities, Housing Services and Revenues and Benefits is provided in [Appendix 1](#).

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4. Proposals

- 4.1 It is proposed that further work aligned to the Member/ Officer Working Group will take place to develop a Financial Inclusion Strategy and Action Plan and that work will be undertaken to review customer/ client data relating to the cost of living crisis to inform the strategy and action plan going forward. A report will be brought to Cabinet after recess.

5. Legal and Procurement Implications

- 5.1 There are no legal implications arising from this report.
- 5.2 There are no procurement implications arising from this report.

6. Financial Implications

- 6.1 Various grants continue to be administered across services to support the cost-of-living crisis and support people who are facing financial insecurity. Officers will continue to ensure that the Financial Regulations are followed when distributing grants/ funding.

7. Human Resources Implications

- 7.1 The cost of living crisis is resulting in increased demand for services in some areas and consideration may have to be given at a future date to staffing arrangements within these services in line with customer trends and need.

8. Risk

8.1 *Risk Implications of Adopting the Recommendations*

- 8.1.1 There are no risks associated with adopting the recommendations.

8.2 *Risk Implications of Rejecting the Recommendations*

- 8.2.1 The risk of rejecting the recommendations is that communities in South Ayrshire would not be fully supported in relation to the cost of living crisis.

9. Equalities

- 9.1 The proposals in this report have been assessed through the Equality Impact Assessment Scoping process. There are no significant potential positive or negative equality impacts of agreeing the recommendations and therefore an Equalities Impact Assessment is not required. A copy of the Equalities Scoping Assessment is attached as [Appendix 2](#). The development of the Strategy will require a full Equality Impact Assessment.

10. Sustainable Development Implications

- 10.1 ***Considering Strategic Environmental Assessment (SEA)*** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

11. Options Appraisal

11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

12. Link to Council Plan

12.1 The matters referred to in this report contribute to the Priority 2 of the Council Plan: Live, Work Learn / Work and Economy (Outcome 2).

13. Results of Consultation

13.1 There has been no public consultation on the contents of this report.

13.2 Consultation has taken place with Councillor Ian Davis, Portfolio Holder for Finance, Human Resources and ICT, and the contents of this report reflect any feedback provided.

13.3 Consultation has taken place with Councillor Julie Dettbarn who chairs the Member/ Officer Working Group on Cost of Living Crisis, and the contents of this report reflect any feedback provided.

14. Next Steps for Decision Tracking Purposes

14.1 If the recommendations above are approved by Members, the Director of Strategic Change and Communities will ensure that all necessary steps are taken to ensure full implementation of the decision within the following timescales, with the completion status reported to the Cabinet in the 'Council and Cabinet Decision Log' at each of its meetings until such time as the decision is fully implemented:

<i>Implementation</i>	<i>Due date</i>	<i>Managed by</i>
Development of a Financial Inclusion Strategy and Action Plan	September 2023	Assistant Director- Communities

Background Papers None

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Date: 10 May 2023

Local Trends and Service Provisions

1. Information and Advice Hub

- 1.1 The Information and Advice Hub plays a crucial role in supporting people to mitigate the impact of the cost of living crisis. Advisors are professionally trained to the standards required by the Scottish National Standards for Information and Advice Providers (SNSIAP). The team provides comprehensive, professional and impartial services for local people, helping them to access the right benefits, to maximise their household income and to manage debt, including sequestration. In 2021/22 the team helped local people to bring £6,379,548 into the local economy by ensuring they accessed the right benefits. Support provided also includes providing grant payments, such as through the household boost fund (e.g. the team paid £216,200 in Household Boost Fund Grants to 796 households in 22/23) Anonymised examples of support given to local families is included at [Annex 1](#).
- 1.2 The service has seen a steep increase in enquiries in recent years, many as a direct result of the cost of living crisis, with enquiries rising from 7001 in 2018/19 to 40,122 in 2022/23. Table 1 at [Annex 2](#) shows the increase in enquiries per year since 2018.
- 1.3 The service has seen significant changes in the circumstances of customers who need support. Many enquires come from households who are entering financial stress for the first time and are not eligible for support via social security benefits or cost of living measures. Key trends identified since December 2021 are:
- 40% of enquires are from households with an income greater than £30,000 - a 68% increase;
 - 49% of enquires are from households who either work or are self-employed - a 38% increase;
 - 66% of enquires are from residents aged over 45 – a 41% increase; and
 - 18% of enquires are from retired households – a 22% increase.
- 1.4 Partnership and community-based working plays a key role in reaching people who need support. Until April 2023, 3 Community Advisors and 2 advisors were funded through Scottish Government Covid funding to provide Hub services, including home visits in the community. These advisors worked closely with GP surgeries, food banks, schools, 3rd sector organisations and cosy-spaces to provide targeted community support. The community advisors raised the profile of the services available, increasing partner referrals by 126%. Covid-19 funding for these posts came to an end at the end of March 2023.
- 1.5 While the core budget for the service, including staffing, remains the same as in 2018/19, the service has worked with partners such as the Trussell Trust and MacMillan to identify external funding to support the delivery of services to targeted groups such as food bank users and people living with a cancer diagnosis.

2. Thriving Communities

- 2.1 Thriving Communities continue to support communities and residents impacted by the cost of living crisis through a range of interventions and initiatives. Resources continue to target our most deprived communities. Employability provision is

underpinned by the Scottish Government's No One Left Behind agenda and more recently supported by the UK Shared Prosperity Fund.

- 2.2 Local and national employability data, including the School Leaver Destination Report (SLDR), demonstrates a clear focus on supporting people into work. The SLDR, published in February 2023, showed 98.6% of South Ayrshire pupils progressed to a positive destination, representing the highest ever figure recorded for South Ayrshire.
- 2.3 Unemployment rates in South Ayrshire are nearing a record low with 3.1% seeking employment. In 2022/23 Thriving Communities supported 60 people into employment through our Employer Recruitment Incentive (ERI); 49 people participated in our six-month long-term unemployment programme – Evolve, including 31 placements within the council and 18 in the 3rd Sector. 23 participants who completed the Evolve programme have secured employment.
- 2.4 Thriving Communities distributed £100,000 of Lacer cost of living grant funding to 13 Third Sector and community organisations to help support the cost of living crisis. Funding was used to recruit staff, provide energy vouchers and support food insecurity initiatives across South Ayrshire.
- 2.5 As part of the Scotland Loves initiative, £495,000 was allocated to provide £50 vouchers to low-income households (in receipt of Council Tax Reduction). Vouchers were distributed to 9905 households and, as of March 2023, £337,000 of redemptions had been made. This figure will incrementally increase over the next few months.
- 2.6 Thriving Communities provided financial assistance to support local food pantries in Ayr, Maybole and Girvan. £117,000 was allocated in May 2022 and a further £70,000 was distributed in March 2023.

3. Housing Services

- 3.1 The Housing Service plays a pivotal role in supporting council tenants, homeless households and potentially homeless households, with a clear focus on tenancy sustainment and prevention of homelessness.
- 3.2 For council tenants there is a focus on early contact and intervention to provide appropriate advice, support, and signposting where necessary to help tenants maintain their rental payments and sustain their tenancy. This is achieved through the provision of income and expenditure assessments to set affordable repayment plans and to identify cases where income could be maximised, helping tenants to apply for Housing Benefit or Universal Credit, liaising with the Department of Works and Pension (DWP) regarding landlord rent verification and applications for managed payments and helping tenants to apply for Discretionary Housing Payments in cases of undercrowding or exceptional hardship. There are a range of methods used to reach out to tenants, these include: letter, email, in-person visits at the tenant's home and within the office. In addition, the Housing Revenue, Arrears and Support Team operate evening visits to maximise contact with tenants who are not available during office hours or are otherwise hard to reach.
- 3.3 In September 2021, the Scottish Government introduced the Coronavirus Tenant Grant Fund to help support tenancy sustainment and prevent homelessness for households experiencing hardship. This scheme was extended in September 2022, to include 'Cost of Living' hardship, allowing Council's to use any remaining

funding to support households sustain their tenancy and remove or reduce the risk of homelessness. The fund is non-recurring and is tenure neutral, being available to council, housing association and private rented sector tenants. £0.189m was awarded to South Ayrshire Council, to date 87 council tenants, 13 housing association tenants and 6 private rented sector tenants have been assisted through the scheme, with awards totalling £0.139m. Additionally, as part of the Covid Recovery funding previously approved by the Council, £0.120m was put in place to support tenants at risk of legal action and potential homelessness. To date 76 tenants have been supported with awards totalling £0.084m. Again this funding is non-recurring and both funds remain open while resources are available.

3.4 Routinely, through interactions with households, Officers are signposting and making referrals to other services and agencies. In the period since October 2022, 218 referrals were made to the Household Boost Fund administered by the Advice and Information Hub. Other assistance has included:- provision of foodbank vouchers, referrals to the 1st Alliance Credit Union to access the Ayrshire Community Support Fund which supplied household items and supermarket vouchers (fund now closed), contact with Utility Providers regarding households experiencing fuel hardship and referrals to the Council's contracted support providers for the provision of ongoing housing support to households in need. In sheltered housing complexes, the communal areas are open and available to tenants each day, Support Staff are reporting increased use of communal areas which are fulfilling the role of 'warm spaces'.

3.5 In addition to the above activity, in terms of homelessness and the prevention of homelessness, Officers are seeing an increase in demand and requests for information and advice. This includes the provision of advice to private sector tenants to apply for discretionary housing payments to support hardship because of shortfalls in rent payments and identifying households who could benefit from support from the Scottish Government Hardship Grants to mitigate rent arrears. Housing Support referrals are offered routinely to homeless households and support is provided to assist with applications to the Scottish Welfare Fund and Community Care Grant scheme and the Seascope 'Pass it Project' to assist with essential household items to set up their new home. Targeted work is also undertaken by Hostel Support Staff and the Council's 'Housing First' Team to support households and tenants identified as being at high risk of tenancy failure. Some of the main support includes income maximisation, assistance to apply for welfare benefits, supporting attendance at appointments, contacting and negotiating with utility providers to manage and prevent instances of fuel hardship and linking with health and other agencies to support the households well-being.

4. Revenues and Benefits

4.1 Revenues Benefits services have continued to assist customers facing financial hardship by administering one off covid and cost of living related financial support initiatives during 2021/22 and 2022/23. These have included; Low Income Pandemic Payments totalling almost £1.5m paid to 11,400 customers in receipt of Council Tax reduction, Cost of Living Payments totalling almost £5.5m paid directly to 36,434 Council Tax accounts and Self Isolation Support Grants totalling over £1.1m paid to 2,279 customers on a low income who lost earnings when isolating due to Covid 19.

4.2 Benefit Services provides ongoing support for customers who are in receipt of social security benefits or are on a low income by processing claims for Housing Benefit and Council Tax Reduction, Education Benefit Payments (Free School

Meals and Clothing Grants), Discretionary Housing Payments, and the Scottish Welfare Fund (Crisis Grants and Community Care Grants).

- 4.3 Since the introduction of Universal Credit (UC) in 2018 working age customers claim help with their housing costs as part of their UC however the Service continues to support around 5,200 customers who are entitled to Housing Benefit (HB). Council Tax Reduction (CTR) is not covered by UC and there are around 9,900 customers who are in receipt of this benefit. The CTR caseload is around 6% lower than it was at the peak of the pandemic. However 34% of CTR customers are in receipt of UC, which means claims are subject to regular change as customers move in and out of work. On average the Service process new claims for HB within 13 days and CTR within 16 days of receipt of the claims. The Service proactively contact customers in receipt of UC to ensure they make their claim for CTR to avoid Council Tax arrears being created.
- 4.4 Additional Covid 19 support for parents who were in receipt of Free School Meals (FSM) resulted in an unprecedented increase in applications for Education Benefits by 89% during 2020/21. This level of demand has remained constant. During 2021/22 a total of 2,979 pupils were entitled to FSM, this year the figure is similar with 2,998 pupils entitled (as at end March 2023). Clothing Grants of £120 (Primary pupil) or £150 (Secondary pupil) are paid where parents are in receipt of qualifying benefits. 4,241 Clothing Grants totalling £562,710 were paid during the 2021/22 school year. So far in 2022/23 a total of 4,267 grants totalling £566,550 have been paid
- 4.5 The demand for Crisis Grant support (to assist with emergency situations) from the Scottish Welfare fund (SWF) has increased by 33% since 2019/20. The increase was most notable during Covid 19 with a 17% increase in applications from 2019/20 - 2020/21. This demand has steadily risen each year since. Although Community Care Grant applications (for support with white goods/furniture/household items) dropped slightly during Covid (in part because fewer people moved house) that demand is now increasing with 23% more applications received during 2022/23 than in 2019/20. To accommodate increased demands on the SWF the Council allocated almost £0.192m in additional funding in 2022/23 from Covid Reserves and unallocated admin funding. This is one off non-recurring funding.
- 4.6 Discretionary Housing Payments (DHP's) provide further financial assistance in addition to any social security benefits to help with housing costs. Demand for DHP's to help with rent continues to rise year on year, with a 26% increase in applications from 2021/22 to 2022/23. During 2022/23 the Service has continued to target support to private sector tenants in receipt of UC, where benefit is restricted to Local Housing Allowance rates. The Service will continue to provide proactive support particularly to UC claimants in this sector, as funding allows. The Council has also committed additional non-recurring funding of £0.050m from Covid reserves during 2022/23 to support DHP's
- 4.7 The Revenues Team are currently delivering the Energy Bill Support Scheme Alternative Payment fund, paying grants of £400 and £200 to eligible customers on behalf of the UK Government for people who do not have a direct relationship with their energy providers. This includes customers who live in Caravan Parks, Care Homes and temporary accommodation. This scheme is application based and is open until the end of May 2023

Annex 1- Information and Advice Hub Customer Case Study Examples

The case studies below provide anonymised information on a range of customer interactions with the Hub, the support provided and its impact.

Case study 1 - Ms S was referred to the service by her Cancer Nurse Specialist. Ms S is a lone parent with one dependent child. She was in receipt of Universal Credit (UC), however, she was receiving the wrong amount for her circumstances which the Hub helped her to challenge. The challenge was successful and Ms S received an award of the missing UC premiums. We also assisted Ms S with a successful claim for Personal Independence Payment, and a Macmillan Grant.

Impact of Hub Services Provided - Ms S received a total sum of £18,350, including-

- Back dated UC premiums of £14,500
- Back dated PIP payments of £3,500
- Macmillan grant of £350
- Ongoing weekly award of £192.59 via UC and Personal Independence Payments.

Case Study 2 - Mr & Mrs D were referred to our service by their local GP surgery. The couple have two children and are in full time employment, but struggling to cope financially as cost of living escalated. They had started to use credit cards to cover increased costs hoping things would improve. They were on a variable tracker rate mortgage and unable to secure fixed rate deal due to being over committed and some missed payments affected their credit scores. In addition, they had some hire purchases including car finance, kitchen finance and a personal loan and two credit cards, which had exhausted their 0% interest deal. The couple's combined earnings were £63,000. Their pre cost-of-living budget looked manageable and healthy:

Monthly Income	Monthly outgoings	Monthly disposable income
£4100	£2861	£1293

However, post cost-of-living quickly became unmanageable:

Monthly Income	Monthly outgoings	Monthly disposable income
£4100	£3931	£169

The clients had unsuccessfully tried to address their money issues directly with their lenders and their energy supplier and were becoming increasingly worried that they could lose their home.

The Hub took the following actions:

- Carried out a benefit check and identified unclaimed child benefit
- Awarded a Household boost fund grant provide some immediate financial assistance
- Carried out a budgeting assessment to identify debt solutions and ways to reduce outgoings.

- **Annex 1- Information and Advice Hub Customer Case Study Examples (cont.)**

- Contacted creditors to note our involvement & explore options
- Negotiated with their current bank to consolidate credit card debt, hire purchase and personal loan into one manageable loan over a longer period to prevent entering a Debt Arrangement Scheme.
- Made a referral to the Energy Agency to help them reduce energy consumption and reduce monthly payments.

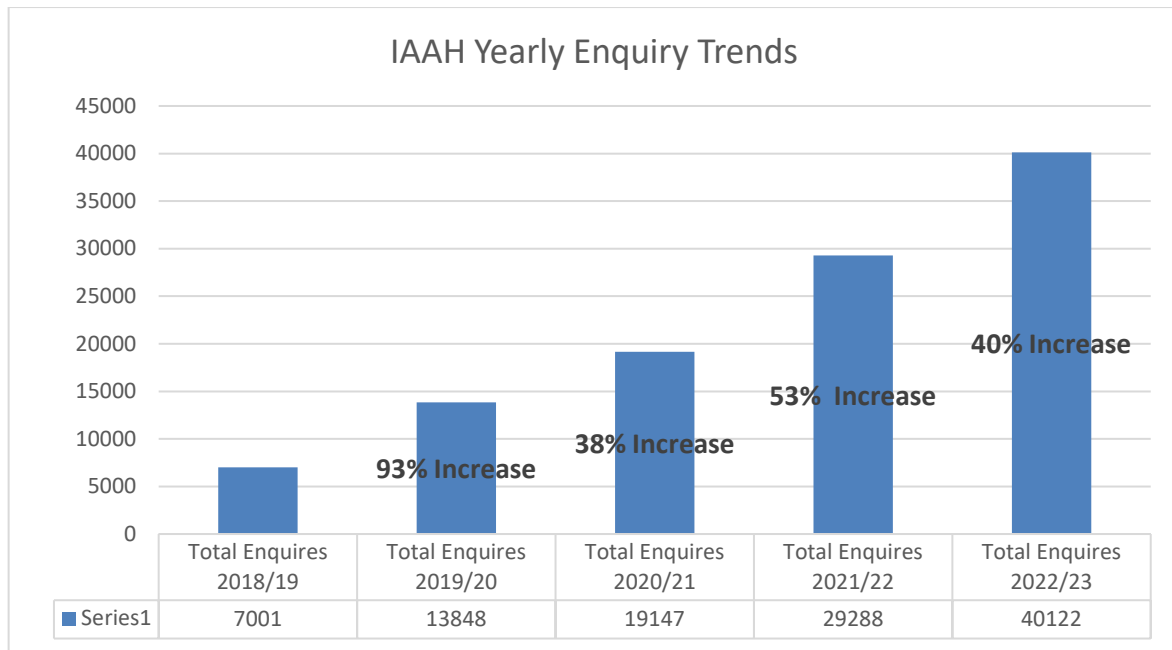
Impact of Hub Services Provided -

- Monthly household disposable income increase of £631 (an annual increase of £7,527)
- One off grant payment of £500
- Reduced/removed financial distress
- Prevented insolvency, potential homelessness through home repossession
- After 3 months of managing their new payments, the clients were able to demonstrate affordability in applying for a new mortgage deal and secured a lower monthly rate over a longer period)

Annex 2 – Information and Advice Hub Enquiry Trends

Table 1

Table 1 below shows enquiry trends from 2018/19 until 2022/23 and demonstrates a 473% increase in enquiries during that time period.



South Ayrshire Council Equality Impact Assessment Scoping Template

Equality Impact Assessment is a legal requirement under the Public Sector Duty to promote equality of the Equality Act 2010. Separate guidance has been developed on Equality Impact Assessment's which will guide you through the process and is available to view here: <https://www.south-ayrshire.gov.uk/equalities/impact-assessment.aspx>

Further guidance is available here: <https://www.equalityhumanrights.com/en/publication-download/assessing-impact-and-public-sector-equality-duty-guide-public-authorities/>

The Fairer Scotland Duty ('the Duty'), Part 1 of the Equality Act 2010, came into force in Scotland from 1 April 2018. It places a legal responsibility on Councils to actively consider ('pay due regard to') how we can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions. [FSD Guidance for Public Bodies](#) in respect of the Duty, was published by the Scottish Government in March 2018 and revised in October 2021. See information here: <https://www.gov.scot/publications/fairer-scotland-duty-guidance-public-bodies/>

1. Policy details

Policy Title	Cost of Living Crisis
Lead Officer (Name/Position/Email)	Jane Bradley, Director of Strategic Change and Communities – jane.bradley@south-ayrshire.gov.uk

2. Which communities, groups of people, employees or thematic groups do you think will be, or potentially could be, impacted upon by the implementation of this policy? Please indicate whether these would be positive or negative impacts

Community or Groups of People	Negative Impacts	Positive impacts
Age – men and women, girls & boys	-	-
Disability	-	-
Gender Reassignment (Trans/Transgender Identity)	-	-
Marriage or Civil Partnership	-	-
Pregnancy and Maternity	-	-
Race – people from different racial groups, (BME) ethnic minorities and Gypsy/Travellers	-	-
Religion or Belief (including lack of belief)	-	-
Sex – (issues specific to women & men or girls & boys)	-	-
Sexual Orientation – person's sexual orientation i.e. LGBT+, lesbian, gay, bi-sexual, heterosexual/straight	-	-

Community or Groups of People	Negative Impacts	Positive impacts
Thematic Groups: Health, Human Rights & Children's Rights	-	-

3. What likely impact will this policy have on people experiencing different kinds of social disadvantage i.e. The Fairer Scotland Duty (This section to be completed for any Strategic Decisions). Consideration must be given particularly to children and families.

Socio-Economic Disadvantage	Negative Impacts	Positive impacts
Low Income/Income Poverty – cannot afford to maintain regular payments such as bills, food, clothing	-	The activities reported on in this report highlight work which impacts positively. A full EQIA will be carried out as part of the development of a Financial Inclusion Strategy and Action Plan
Low and/or no wealth – enough money to meet Basic living costs and pay bills but have no savings to deal with any unexpected spends and no provision for the future	-	-As above
Material Deprivation – being unable to access basic goods and services i.e. financial products like life insurance, repair/replace broken electrical goods, warm home, leisure/hobbies	-	As above-
Area Deprivation – where you live (rural areas), where you work (accessibility of transport)	-	As above-
Socio-economic Background – social class i.e. parent's education, employment and income	-	As above-

4. Do you have evidence or reason to believe that the policy will support the Council to:

General Duty and other Equality Themes Consider the 'Three Key Needs' of the Equality Duty	Level of Negative and/or Positive Impact (High, Medium or Low)
Eliminate unlawful discrimination, harassment and victimisation	Low
Advance equality of opportunity between people who share a protected characteristic and those who do not	Low
Foster good relations between people who share a protected characteristic and those who do not. (Does it tackle prejudice and promote a better understanding of equality issues?)	Low
Increase participation of particular communities or groups in public life	Low
Improve the health and wellbeing of particular communities or groups	Low
Promote the human rights of particular communities or groups	Low

General Duty and other Equality Themes Consider the 'Three Key Needs' of the Equality Duty	Level of Negative and/or Positive Impact (High, Medium or Low)
Tackle deprivation faced by particular communities or groups	Low

5. Summary Assessment

Is a full Equality Impact Assessment required? (A full Equality Impact Assessment must be carried out if impacts identified as Medium and/or High)	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
Rationale for decision: This report advises the Panel of 23 May 2023. Their decision on this has no specific equality implications	
Signed : Jane Bradley Director Date: 14 April 2023	