



To: Executive Cllr Community Development and Health
Report by: Trevor Woollams (Head of community
Development)
Relevant scrutiny committee: Community Services January 17th 2013
Wards affected: All

City Council Support for Credit Unions

1. Executive summary

- 1.1 Following debate at Full Council the Executive Councillor for Community Development and Health asked for a report to this committee setting out proposals for how the Council could support and promote the services offered by credit unions.
- 1.2 This report informs members about discussions that have taken place with the two credit unions that currently operate within the city, describes the support and promotional work already provided and sets out further work planned for 2013.

2. Recommendations

The Executive Councillor is recommended:

- 2.1 To note the support the Council already gives to the two credit unions
- 2.2 To endorse the planned work programme

3. Background

- 3.1 The following motion was agreed by Council in May 2012:

This Council recognises the difficulties that face many Cambridge residents on low incomes in seeking credit facilities. This Council also notes that illegal loan-sharks, doorstep lenders and payday loan companies in Cambridge exploit these difficulties in order to profiteer out of those on low incomes.

In order to help those struggling to find access to fair sources of credit, we ask officers to produce a report to Community Services Scrutiny Committee this financial year to investigate the possibilities of helping enable more Cambridge people to gain access to the facilities of credit unions of the kind that operate today in Cherry Hinton and North Cambridge, and to investigate what the council can do to tackle exploitative lending practices.

- 3.2 Since May, the Head of Community Development has been in discussion with the two credit unions operating in the city to ask how the Council could support them to increase their presence across the city and promote their services to residents. Discussions also included ways in which the two credit unions could co-operate and work together to avoid competition and duplication of effort.
- 3.3 Both credit unions expressed a strong desire to work with the Council but said that one of the main issues for them was a lack of volunteers which prevented them from operating out of more venues across the city. They were keen for the Council to try and help them recruit more volunteers in parallel with the promotion of their services.
- 3.4 The credit unions both offer the traditional saving and lending service, with lending based upon the amount of time a member has saved with the credit union and the amount of savings built up. Currently, Cambridge Credit Union operates primarily in the north of the city with its base at 82 Akeman Street and a presence at City Homes North offices where members can make payments. Rainbow Savers, which is a much larger, regional credit union, operates in the city from Cherry Hinton Baptist Church. It also offers other services such as rent processing (where housing benefits are paid direct to the credit union and they pay the landlord), a pre-paid payment card (where members can load their card from their credit union account and make payments or access cash from ATMs), pay point access (where members can make payments into their accounts at Post Offices, Co-op Stores and some Newsagents).
- 3.5 The Head of Community Development has been liaising with managers across the Council and has produced the programme of work at Appendix A. Members will be aware that some of this work has already taken place, some is in progress and some is planned for early 2013. Importantly, this programme aims to help the credit unions strengthen their presence across Cambridge to increase their accessibility to those residents who would benefit most from their services. The programme will also help to promote their services to residents as the changes to the Benefits system are implemented from April 2013.

- 3.6 The programme includes a payment of £14,650 to the Cambridge and District Volunteer Centre who will be leading the work to encourage volunteers to come forward. This work will include promotion via their website, on the 'Do-It' website and on their social networking sites, as well as through newsletters, events and partnership work. They will provide training for volunteers and for the Credit Union staff themselves on volunteer retention. They will also work in partnership with Consumer Hub to run a launch event to attract volunteers and promote the benefits of credit unions. This work has already been commissioned to enable the Volunteer Centre to plan their work.
- 3.7 The programme also includes a one-off payment of £20,000 to Rainbow Savers to use for small emergency loans to Cambridge residents on very low income who find themselves with an urgent need for cash but who are not credit union members. As a condition of the loan they will need to join the credit union and their repayments will include a small amount of saving so that they build up a small nest egg. As the money is repaid, it can be lent to other residents in need. The main purpose of this scheme is to remove the need for vulnerable people to turn to loan sharks or door step lenders that charge high interest rates.
- 3.8 Whilst the grants in 3.6 and 3.7 above are one-off, the wider programme is not exhaustive and it is intended that officers will continue to promote the benefits of credit unions to residents into the future.

7. Implications

(a) Financial Implications

The payments of £14,650 to the Cambridge and District Volunteer Centre and £20,000 to Rainbow Savers will be met from the existing 2012/13 Community Development grants budget.

(b) Staffing Implications

Some staff time will need to be re-prioritised to accommodate the work programme.

(c) Equal Opportunities Implications

The services offered by the credit unions are vital to help residents on low incomes access funding at low interest rates and to avoid the need for them to use door-step lenders and loan sharks.

(d) **Environmental Implications**

None

(e) **Consultation and Communication**

The credit unions have been consulted to understand what support they need. Managers across the Council have been consulted and have informed the programme. Cambridge and District Volunteer Centre have been engaged to help encourage volunteers to come forward. A number of community facility providers have been informally contacted about hosting a roadshow and hosting a credit union once volunteers have been recruited.

(f) **Community Safety**

Promotion of the credit unions and improved accessibility will deter vulnerable people from using loan sharks.

(g) **Procurement**

None

5. **Background papers**

These background papers were used in the preparation of this report:

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6. **Appendices**

- Appendix A: Programme for Supporting Credit Unions

7. **Inspection of papers**

To inspect the background papers or if you have a query on the report please contact:

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Appendix A

Action / Activity	Desired Outcome	Timing	Lead	Comments
1. Credit Unions to co-operate and work together to provide residents with a choice of services	<ul style="list-style-type: none"> Residents get good choice of services. Mutual support Avoid competition Avoid duplication of work 	Now and on-going	David Warren Sally Chickens	Agreed this was a sensible way forward and both CU's would support each other – e.g. through joint promotion and a joint presence in the customer service centre.
2. Host Credit Unions within the Council's Customer Services Centre	<ul style="list-style-type: none"> Residents with high needs can access credit union services Staff can promote CU services and sign post customers. Credit union members can make payments at CSC Close liaison with CAB staff who also work out of CSC 	January 2013	Chris Bolton	Discussions on-going
3. Include information about Credit Unions in welcome packs / publicity in the growth areas	<ul style="list-style-type: none"> New residents, many in affordable homes, are informed of the services and how to access them. 	From January 2013	Vicky Hathrell	Initially southern fringe as welcome packs given out to new residents.
4. Enable Council staff to make payments to the Credit Unions direct from salary.	<ul style="list-style-type: none"> Council staff can benefit from credit union services 	As soon as practicable	Alison Ashford	Currently restriction of 3 nominated accounts per individual.
5. Grant to Rainbow Savers to provide a rolling fund for small emergency loans to Cambridge residents on low incomes who need cash urgently.	<ul style="list-style-type: none"> Assist residents in crisis Deter use of loan sharks and door step lenders Encourage vulnerable residents to join credit union and start saving money 	February 2013	Jackie Hanson	One-off grant of £20,000 to be met from existing 12/13 Community Development grants budget
6. Grant to Cambridge and District Volunteer Centre for project to encourage volunteers to come	<ul style="list-style-type: none"> Volunteers come forward to support both CUs in the City. Enables CUs to expand coverage 	Jan – Apr 2013	Trevor Woollams	Project agreed with CDVC. One-off grant of £14,650 to be met from existing 12/13

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forward to assist CUs.	across the City			Community Development grants budget.
7. Promotional programme to explain benefits and encourage membership.	<ul style="list-style-type: none"> • Greater awareness for residents of the services offered by credit unions and how to access them. • Deter use of loan sharks and door step lenders • Encourage volunteers to come forward 	Feb – June 2013	Trevor Woollams	Timing agreed with CUs who need more volunteers to prepare for additional sessions and greater membership. Programme will include articles in Cambridge Matters / Open Door, Community Newsletters etc. and roadshow .
7(a) Use Open Door to promote credit unions and deter use of doorstep lenders and loan sharks	<ul style="list-style-type: none"> • As 7 above 	Summer 2012 December 2012 Also in 2013	Marella Hoffman	Targets Council tenants. See: http://www.cambridge.gov.uk/public/docs/Open_Door_Summer2012.pdf
7(b) Use Cambridge Matters to promote credit unions and deter use of doorstep lenders and loan sharks	<ul style="list-style-type: none"> • As 7 above 	Winter 2012 Spring 2013	Ashley Perry	All households – can give an overall picture
7(c) Use neighbourhood newsletters to promote credit unions and deter use of doorstep lenders and loan sharks	<ul style="list-style-type: none"> • As 7 above 	Spring and Summer 2013	Sally Roden	Can target communities with vulnerable residents and promote local access points.
7(d) Co-ordinate and promote a roadshow around the city where residents can talk to the credit unions and access information.	<ul style="list-style-type: none"> • As 7 above 	Mar or May/June 2013	Sally Roden	Need to give the Volunteer Centre time to try and recruit volunteers
7(e) Use Council website to promote credit unions and deter use of doorstep lenders and loan sharks and use facebook and	<ul style="list-style-type: none"> • As 7 above 	Jan - ongoing	Sally Roden	

Action / Activity	Desired Outcome	Timing	Lead	Comments
twitter to promote specific access sites				
7(f) Include information about credit unions in correspondence to residents affected by Benefits reforms	<ul style="list-style-type: none"> As 7 above 	As per Revenues and Benefits Service work plan	Naomi Armstrong	Could be of particular help for these residents
8. Host a CU in our South Area housing office. (Similar to Cambridge CU operating successfully out of our north area housing office where people can pay in at any time)	<ul style="list-style-type: none"> Residents with high needs can access credit union services Credit union members can make payments at the area office 	Mar 2013	Sandra Farmer	We can make arrangements for residents to make payments at an earlier stage but CUs need more volunteers before hosting sessions.
9. Explore hosting in our community centres (and centres operated by others).	<ul style="list-style-type: none"> More residents in other parts of the city can access credit union services 	June 2013	Trevor Woollams	CUs need more volunteers in place first
10. Explore scope for outreach work in hostels to encourage residents to join a credit union	<ul style="list-style-type: none"> Help provide structure and stability Assist people to manage their limited income effectively and prepare for more permanent accommodation 	June 2013	David Greening	This would need volunteer time but could have real benefits in helping people move to permanent housing.