

SCRUTINY COMMISSION – 23 August 2012

REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)

RE: PROGRESS REPORT - LOCAL CREDIT UNION PROVISION

1. PURPOSE OF REPORT

- To inform members of progress and impact, in relation to the establishment of a local credit union provision
- To secure members support for the proposed refocusing of resources in securing further take up of the credit union provision
- To secure members commitment to act as champions

2. RECOMMENDATION

- (i) To note the progress report
- (ii) To support the proposed strategy for refocusing of resources
- (iii) To agree to adopt the role of champion in promoting the local credit union provision, and to attend the scheduled training session as part of this commitment

3. BACKGROUND TO THE REPORT

- 3.1. Following an initial presentation from Clockwise in 2009, and subsequently members approval, a local Credit Union provision was launched in March 2010 at the Earl Shilton Community House. To recap, the benefits of a credit union in tackling financial exclusion, is by providing:
- Access to banking
 - Access to safe and ethical affordable credit/loans
 - Access to free face to face money advice
- 3.2. At this time, Orbit Heart of England also expressed an interest in establishing a local credit union provision at its Hinckley offices, and subsequently in January 2010, a Hinckley Credit Union Manager (Clare Shilton) was appointed, a jointly funded post by Orbit and HBBC.
- 3.3. Alongside this a recruitment campaign was launched to secure volunteers, to support Clare in the promotion and administration of the local credit union provision. Volunteers have comprehensive training, and access to ongoing training and support as required.
- 3.4. Since the launch the access point at Earl Shilton Community House has become very well established, with the help and support of volunteers. Alongside this ongoing promotion of the provision has taken place, primarily through our three Community Houses - Earl Shilton, Barwell and Wykin, where HBBC staff have been trained to deal with initial enquiries, and scheduling of appointments with

Credit Union staff/volunteers at anyone of the Community Houses.

- 3.5. A monitoring and review process has been set up, to ensure that there is a regular progress report in relation to access and take up, and an evaluation report presented at the quarterly officer review meetings. The approach to performance management has improved over time, to enable year on year comparisons to be made, and to inform improvement.

3.6. **Monitoring Information**

Year 1 – April 2010 – March 2011

No. of new members (all access points)	Value of Loans agreed this year
116 of which 66 via the Hinckley access points 50 via Leicester Branch or Internet	£36,855

Year 2 – April 2011 – March 2012

No. of new members (all access points)	Value of Loans agreed this year
134 of which: 61 via Hinckley access points 73 via Leicester Branch or internet	£61,466

Year 3 – April – June 2012 (Quarter 1)

No. of new members (all access points)	Value of Loans Agreed this period
39 of which: 8 via Hinckley access points 31 via Leicester Branch or internet	£24,196

- 3.6. The figures are very encouraging in showing a year on year increase in take up of loans, **totaling £122,517 at end of Quarter 1 for year 3, and a total savings balance of £101,826.** The real value of this amount in loans can be seen when making the comparison to one of the main doorstep lenders e.g.

3.7. **Loan Example**

A £300 loan repayable over 31 weeks from Clockwise will cost £10.41 per week (final payment £10.36), making a repayable total of £322.66 (26.8% representative APR). From one of the main doorstep lenders, the same loan will cost £15 per week to repay, making a repayable total of £465.00 (365.1% representative APR).

3.8. The monitoring information shows that there is still ongoing access via the locally established access point at Earl Shilton, and the information/advice points at both Barwell and Wykin, but numbers have remained static for sometime, on average 1.5 per week. However, this arrangement is tying up at least 50% of the credit union managers time, in staffing the currently scheduled drop in sessions. Furthermore, monitoring information shows an ongoing increase in those accessing the service via the internet, or at the central office in Leicester, and alongside this evidence that the local ongoing promotion campaigns, and specifically the door to door targeted leaflet drops, are very successful in generating enquiries and subsequently take up of loans.

3.9. Therefore, based on this evidence, and experience built over the last two years of delivery, the proposed strategy in going forward is to retain information/advice access points at each of the Community Houses, but not to retain the scheduled drop in sessions. The focus will be on stepping up the marketing campaigns in all priority neighbourhood areas, and indeed ongoing Borough wide promotion campaigns. As the economic situation continues to impact, Pay Day and Door Step Lending publicity continues to rise and populate all sources of media. Therefore we need a robust ongoing publicity campaign to remind people that there is a readily available alternative and affordable option, where the package of provision offered via Clockwise includes in some cases, a 2 day turn around for a loan application.

3.10. Members should be reassured that this proposal will not take away the provision of a local access point. Community House staff will continue to provide the information and advice point of access during all opening hours, and the scheduling of appointments with Credit Union staff at anyone of the Community Houses, an arrangement which will free up Credit Union staff time to manage a refreshed and more comprehensive marketing campaign within the Borough.

3.11. However, successful take up of the credit union provision, is reliant on all officers and members promoting this offer to our community at every opportunity. Elected member support is essential in tackling financial exclusion within our communities, and therefore a specific member briefing/refresher session, will be arranged for October 2012, to enable members to find out more about the

provision on offer and support them in taking on a championing role. Scrutiny Members support is sought in both attending the event, and engaging the support of all members.

4. **FINANCIAL IMPLICATIONS (TO)**

The local authority contributes £10,000 per annum to fund the Credit Union Manager post.

5. **LEGAL IMPLICATIONS (LH)**

None arising directly from this report

6. **CORPORATE PLAN IMPLICATIONS**

The contents of the report relate to and support the following strategic aims:

- Thriving Economy
- Safer and Healthier Borough
- Strong and distinctive communities

7. **CONSULTATION**

The established work within our priority neighbourhoods, through our Neighbourhood Action Teams and supporting plans, (informed through ongoing engagement and consultation) provided the evidence base for the establishment of this provision.

8. **RISK IMPLICATIONS**

It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
Net red risks Members of the Community falling further into debt by taking up Pay Day and Door Step Lenders options	Promoting of credit union provision throughout the Borough, and take up of safe affordable loans	E Grant

9. **KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS**

The specific purpose of this facility is to provide additional resources to focus on a priority need within Hinckley and Bosworth i.e. to work towards eliminating financial exclusion, specifically within the most deprived areas of the Borough.

10. **CORPORATE IMPLICATIONS**

By submitting this report, the report author has taken the following into account:

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| - Community Safety | - None |
| - Environmental | - None |
| - ICT | - None |
| - Asset management | - None |
| - Human Resources | - None |

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