
SUPPORTING CREDIT UNIONS

**Responsible Cabinet Member -
Councillor Stephen Harker, Efficiency and Resources Portfolio**

Responsible Director - Ada Burns, Chief Executive

SUMMARY REPORT

Purpose of the Report

1. This report requests that Members pledge to support Credit Unions and in particular the Darlington Credit Union.

Summary

2. Following on from its work on financial inclusion and family poverty, the Association of North East Councils has been looking at the role Credit Unions can play as an alternative, trusted source of financial services and credit.
3. On 28 January ANEC hosted a seminar in Darlington on the future role of Credit Unions. It attracted over 50 delegates from local authorities, their partners and the Credit Union sector. Following the seminar Leaders and Elected Mayors from across the North East have been considering ways in which local authorities can support the Credit Union sector to develop as an accessible and sustainable source of banking and credit. They have agreed that it would be helpful to prepare a Statement of Intent that authorities could sign up to, giving an undertaking to work with the sector and help it expand.
4. The Leaders and Elected Mayors from the North East Councils have now endorsed a statement and are inviting authorities to sign up to the pledge.

Actions

5. The statement is accompanied by a number of examples of practical measures which local authorities can take to support Credit Unions. Here in Darlington we have already made a number of the practical steps including promoting the Credit Union membership to Members, to staff and to partners and encouraging them to open accounts and save with the Credit Union. The schools in Darlington support the Credit Union through a number of early savings arrangements involving the Credit Union and promote financial education and membership to students. The

Credit Union has been promoted to the wider public through the Council's Darlington Together Magazine.

6. Darlington Cares are providing practical support to the Credit Union through its Members in the form of HR support. The Council has purchased deferred shares to support the Credit Union financially and has made clear statements about its support for the Credit Union and removed access to pay day loan companies from the Council's website including those in the library. The Council has provided two booths in its new Customer Contact Centre for the Credit Union and provided promotion of these to the wider public. The Council has supported the Credit Union alternative loan scheme to enable the purchase of electrical and white goods, and has established a payroll deduction scheme for staff. The Council will continue to explore ways it can support the work of the Credit Union.

Recommendation

7. It is recommended that Members agree to the following statement of intent:
 - (a) We recognise the vital role that Credit Unions have to play in promoting financial inclusion, in acting as a trusted source of accessible and affordable banking and credit, and in providing an essential alternative to high-cost lenders.
 - (b) We undertake to work with the Credit Union sector to help it expand in a sustainable way, to increase its membership and to develop a diverse and balanced customer base; and we will take practical measures to achieve this goal.

Reasons

7. The recommendations are supported by the following reasons:
 - (a) To promote financial inclusion and tackle poverty in Darlington.
 - (b) To support appropriate saving and where appropriate low cost lending options.
 - (c) To break the cycle of financial hardship and crisis faced by families within the Borough.

Ada Burns
Chief Executive

Background Papers

No background papers were used in the preparation of this report

C. Whitehead: Extension 2306

S17 Crime and Disorder	There are no specific implications for Crime and Disorder
Health and Well Being	Tackling financial inequalities helps to promote health and wellbeing.
Carbon Impact	There are no specific carbon impacts from the report.
Diversity	The report has not specific diversity issues.
Wards Affected	All wards are affected equally.
Groups Affected	Those who face debt and financial hardship.
Budget and Policy Framework	This does not represent a change to the Budget and Policy Framework.
Key Decision	This is not a key decision.
Urgent Decision	This is not an urgent decision.
One Darlington: Perfectly Placed	This seeks to tackle the gap between the poorest and the more affluent within our communities. This is a core strand of the Strategy.
Efficiency	There are no specific cost implications or efficiencies identified within the report.

MAIN REPORT

Information and Analysis

9. The Leaders and Mayors of the Councils in the North East have identified a desire to support the work of Credit Unions and provide practical ways of offering that support. The Association of North East Councils held a Seminar here in Darlington in January this year and following the conference have been working on developing agreeing a set of practical measures that all Councils should consider introducing to support Credit Unions and also to make a clear statement about their support for Credit Unions and the work that they do in supporting people to improve financial management, save for the future and where borrowing is necessary make loan choices which are affordable and manageable.

Support for Credit Unions

10. The Leaders and Mayors have agreed a statement which all authorities in the North East are being invited to sign up to which is set out in the recommendations above. They have also identified practical examples of ways in which local authorities and others can support Credit Unions.
11. Darlington has hosted the Seminar and the Leader of the Council has stated his support for the Credit Unions:

‘I want to pay tribute to the work of Credit Unions – they represent much that is

good in society and provide support to many people in challenging times. Councils and their partners already do much to support them but it is vital that we learn from each other and share good practice so that Credit Unions can develop and flourish’.

12. The Association of North East Councils Leaders and Mayors Group have agreed the following are examples of practical measures to support Credit Unions that authorities may wish to consider. They may not be appropriate in every area and there may well be others:
- (a) consider practical support such as providing premises and/or collection points in Council offices and elsewhere, and/or providing professional support in areas such as accountancy, IT, human resources and in business planning (even a limited amount of support, such as one day per month of an officer’s time, can be valuable);
 - (b) arrange for an elected Member or senior officer to serve on the Credit Union’s board;
 - (c) encourage Councillors to sign up as Credit Union members and promote the Credit Union;
 - (d) promote the benefits of membership to Council employees and the wider public;
 - (e) set up a payroll deduction scheme for Council employees;
 - (f) consider taking up corporate membership and/or deferred shares;
 - (g) block access to payday lenders’ websites on Council computers;
 - (h) use relationships with the business and other sectors to ‘open doors’ for the Credit Union; provide intelligence about local business;
 - (i) work with the voluntary and community sector locally to raise the profile of Credit Unions;
 - (j) provide low cost schemes for furniture and white goods as an alternative to existing high cost providers;
 - (k) promote financial education in schools – discourage reliance on high-cost lenders and encourage a savings culture; promote young Credit Union schemes;
 - (l) enhance the Credit Union’s credibility and standing by making it clear that it has the Council’s backing as the credit agency of choice.

Ada Burns
Chief Executive

