

Cheshire East Council

Cabinet

Date of Meeting:	29th September 2015
Report of:	Chief Operating Officer
Subject/Title:	Council Support for Cheshire Neighbours Credit Union
Portfolio Holder:	Councillor Peter Groves

1. Report Summary

- 1.1. This report sets out the history of the Council's support for Cheshire Neighbours Credit Union, acknowledges the excellent work done by the Credit Union for the residents of the Borough, and seeks a decision of Cabinet in respect of future financial support for the Credit Union.

2. Recommendation

- 2.1. Cabinet is recommended to agree the payment of £60,000 to Cheshire Neighbours Credit Union, subject to specific conditions as determined by the Chief Operating Officer in consultation with the Leader and Portfolio Holder for Finance and Assets in respect of the use of the money, the ongoing financial stability of the Credit Union, and its continued business operations. Such conditions to include those which will seek to ensure:
 - 2.1.1. Broader use of the Credit Union by Cheshire East Council staff and its partners;
 - 2.1.2. The strengthening of the Credit Union Board, by the introduction of those with legal and accountancy experience, and the involvement of Cheshire East Council officer support where appropriate;
 - 2.1.3. That work commences without delay in order to secure appropriate collaboration of the Cheshire East Neighbour's Credit Union, with other Credit Union(s) as appropriate.
 - 2.1.4. That no further financial support is provided to the Credit Union. The £60,000 is provided in 2015/16 to ensure financial sustainability - and if this is not possible, the CNCU to support residents to make alternative arrangements.
 - 2.1.5. Regular performance management information to be provided on progress on all of the above.

3. Reasons for Recommendation

- 3.1. Cheshire East Council is a "Residents First" Council which seeks to meet the needs of all sections of the Borough's Communities.
- 3.2. The Council is particularly mindful of the needs of those vulnerable members of its communities who are in financial need, and wishes to assist them however it can.
- 3.3. Over recent months, there has been significant public scrutiny of the practices of "pay-day lenders", leading to tighter financial controls being placed upon the way in which they operate. Clearly, these measures have been a long-time overdue. At the same time, the service provided by Credit Unions becomes more important; providing an alternative to illegal/unlicensed lenders, who are not regulated by the authorities in any way.
- 3.4. In 2014, the Cabinet agreed to provide financial support to the Credit Union in the sum of £60,000 in order to ensure its financial sustainability. Significant additional support was also made available of a practical nature; this being detailed in the extract of Cabinet minutes, appended to this report.
- 3.5. Recently, the Jobs, Regeneration and Assets Overview and Scrutiny Committee considered a report on the ongoing needs of the Credit Union, and asked that further consideration be given to how the Council might support the Credit Union in its continued operation.
- 3.6. This report proposes that further financial support, in the sum of £60,000 be paid to the Credit Union, subject to appropriate conditions, which will seek to ensure financial stability into the future and improvements in its business operations.

4. Other Options Considered

- 4.1. All other options have been considered and rejected.

5. Background

- 5.1. The Council has a history of support to Cheshire East Credit Union, demonstrated by the decision of Cabinet on 4th February 2014 to provide: access for the Credit Union to operate in libraries, and for library staff to assist in handling enquiries on behalf of the Credit Union; office space for the Credit Union; meeting rooms for the Credit Union; website links etc.
- 5.2. Cabinet members are referred to the Appendix to this report in order to see the full range of support offered to the Credit Union.

- 5.3. Furthermore, in December 2014, the Credit Union was given financial support in the sum of £60,000, to cover the period up to March 2016.
- 5.4. More recently, the Jobs, Regeneration and Assets Overview and Scrutiny Committee met, on 20th July 2015, and received a presentation from the Chief Executive of the Credit Union to discuss the performance and support needs of the Credit Union. The Scrutiny Committee asked for further consideration to be given to the ways in which the Council could support the Credit Union.
- 5.5. It is clear that the Credit Union, in order to continue to provide an important service to the residents of Cheshire East Borough, needs to have further financial support. This must be balanced by appropriate conditions and checks and balances.
- 5.6. This report makes recommendations to Cabinet to provide further financial support to the Credit Union, and these recommendations will enable further detailed work to be carried out upon the terms and conditions which should apply to such support.

6. Wards Affected and Local Ward Members

- 6.1. All Cheshire East Wards and local Ward Members are affected.

7. Implications of Recommendation

7.1. Policy Implications

- 7.1.1. There are no direct policy implications associated with the recommendations of this report.

7.2. Legal Implications

- 7.3. There are no direct legal implications associated with the recommendations of this report. Legal services will provide support and assistance to the further detailed work to be carried out in relation the terms and conditions which should apply to such support and to support the Board.

7.4. Financial Implications

- 7.4.1. The provision of financial support to the Credit Union would amount to a one-off payment of £60,000 to the Credit Union in 2015/16, This payment is subject to specific conditions as set out in Section 2.

7.5. Human Resources Implications

- 7.5.1. No significant human resources implications arise from the recommendations of this report. However, the Council is committed to make reasonable efforts to support the Credit Union and, therefore, some officer time would be required to be devoted to the provision of this support.

7.6. Equality Implications

- 7.6.1. This assistance enables the Council to further support those residents with protected characteristics identified within the Public Sector Equality Duty 2010.

7.7. Rural Community Implications

- 7.7.1. The continued functioning of the Credit Union will ensure that a valuable service is provided to residents of the Borough, not least those in need within its rural communities. There are therefore positive implications in terms of the isolation of residents in the rural areas.

7.8. Public Health Implications

- 7.8.1. There are no direct public health implications.

8. Risk Management

- 8.1. Risks associated with the provision of funding to the Credit Union will be mitigated by the conditions proposed in this report.

9. Background Papers

- 9.1. In preparing this report, the report author has relied upon the following documents, which are publicly available:
- 9.1.1. Report to Cabinet on 4th February 2015, and minutes of the meeting.
- 9.1.2. Draft minutes of the Jobs, Regeneration and Assets Overview and Scrutiny Committee meeting of 20th July 2015.

10. Contact Information

Contact details for this report are as follows:-

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Extract of the Minutes of the Cabinet meeting of 4th February 2014

Councillor Keegan was present at the meeting and, at the invitation of the Chairman, presented the report. Mr John Weir, the Chairman of the Cheshire Neighbours Credit Union, was also present and was afforded the opportunity to speak on the matter.

The report presented the recommendations of the Finance Policy Development Group in relation to Council support for Cheshire Neighbours Credit Union (CNCU). The recommendations had not been fully considered in terms of legal, financial, risk management and policy implications and further work was needed to consider whether the actions recommended were viable.

A variety of initiatives had recently been implemented by the Council to discourage residents from turning to payday lenders for high interest, short term loans that could lead to significant fees that people were unable to afford, causing them considerable financial difficulty. The Group's aim in making the recommendations had been to create a viable and ethical alternative to pay day lenders for residents across Cheshire East that provided quality services and was financially sustainable. Further details were contained in the report.

RESOLVED

That

1. the report of the Finance Policy Development Group be noted;
2. the Policy Development Group's recommended aims and objectives for the Credit Union as set out in section 11 of the report be endorsed;
3. the following recommendations, and the suggested approach to implementation in paragraph 13.1 of the report, be approved:
 - (a) that CNCU be given access to the libraries in Nantwich, Middlewich, Alsager, Sandbach and Macclesfield for at least two hours per week to increase visibility and to improve public access to its services. This would include, where possible, access to private meeting rooms for interviews and confidential discussions with members;
 - (b) that library staff in the libraries listed above be enabled to handle enquiries and general information requests about CNCU by receiving a training brief from CNCU;
 - (c) that consideration be given to providing CNCU with access to suitable Council owned office premises in Crewe, free of charge if possible. Ideally the office would allow public to access services from the street as well as storage space and access to private meeting rooms for interviews and confidential meetings;

- (d) that the payroll deduction scheme offered by CNCU be promoted to Cheshire East employees via the CEntranet and Staff Notice Boards;
- (e) that recruitment of volunteers from within the Council with marketing, finance or IT skills to help CNCU be carried out via CEntranet, Staff Notice Boards and the Council Website;
- (f) hat Cheshire East Councillors be encouraged to support credit unions by promoting them within their communities and sharing expertise through volunteering;
- (g) hat the Council encourage partners such as Citizens Advice Bureau, Registered Social Landlords and Community Groups to support and promote CNCU within their memberships;
- (h) that links to CNCU's website be included on the Council's website; and
- (i) hat a scheme to provide Cheshire East Care Leavers with membership to CNCU be initiated including funding for membership fees.