

OVERVIEW AND SCRUTINY COMMITTEE
6 FEBRUARY 2019
CREDIT UNIONS
REPORT OF HEAD OF LEGAL AND GOVERNANCE

1 Purpose

- 1.1 To establish the nature of the relationship between Nottingham City Council and local credit unions, and Nottingham City Council's promotion of loans from credit unions as an alternative to payday lenders.

2 Action required

- 2.1 To explore how the Council interacts with credit unions, the benefits of using them and whether they are an effective way of addressing the increasing use of payday lenders.
- 2.2 To consider the information provided at the meeting to identify areas for potential future scrutiny.

3 Background information

- 3.1 Credit Unions have existed in Britain for over 50 years, and provide loans and savings to more than 1.2 million people across England, Scotland and Wales. A credit union is a financial co-operative which is owned and controlled by the members, with directors elected from the membership, by the membership.
- 3.2 Membership of a credit union is based on a common bond. This can be working for a particular employer or in a particular industry, or working in a specified geographical area.
- 3.3 Nottingham Credit Union has been in operation since 1992. They offer simple savings accounts for events (such as Christmas or Holidays) and regular savings. All savings are protected by The Financial Services Compensation Scheme. They also offer loans from £100 to £15,000 for any purpose (subject to application) and can also consider consolidation loans to help those stuck in a cycle of debt to payday lenders.
- 3.4 Common issues with other payday lenders can include high interest rates, inadequate affordability checks, and borrowers becoming trapped in a cycle of debt. Help and advice is offered by charities, regulatory advice services, credit unions and private companies to help those facing issues with payday lenders.
- 3.5 Lynn Griffin-Pearce, HR Consultant - Reward, Daljit Nijran, Organisational HR Manager and Richard Henderson, Director HR and Customer (all from Nottingham City Council) will attend the meeting,

along with Jason Eaves, Manager of Nottingham Credit Union, to present information to the Committee and to answer any questions.

4 List of attached information

- 4.1 Information on the City Council's relationship with Nottingham Credit Union prepared by Lynn Griffin-Pearce, HR Consultant - Reward, Nottingham City Council.

5 Background papers, other than published works or those disclosing exempt or confidential information

- 5.1 None.

6 Published documents referred to in compiling this report

- 6.1 Financial Ombudsman - payday lenders common complaints and case studies: https://www.financial-ombudsman.org.uk/publications/technical_notes/payday-lending-case-studies.html
- 6.2 Nottingham Credit Union blog and advice: <https://www.nottinghamcu.co.uk/category/blog/>

7 Wards affected

- 7.1 All

8 Contact information

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