

# **Briefing for Overview & Scrutiny Committee on Update on Nottingham City Councils partnership working and Nottingham Credit Union - 9 October 2019**

## Introduction

This paper provides a written update on the partnership working between Nottingham City Council (NCC) and Nottingham Credit Union (NCU), as requested by the Overview and Scrutiny Committee (OSC), to be discussed at its meeting on 9 October 2019. This briefing summarises latest developments at NCU and how this is impacting on Nottingham citizens, as well as financial education and support packages for employees that NCC is currently investigating. The paper informs OSC on how the partnership working between NCU and NCC continues to progress, including an update on the number of NCU members/loans/savings accounts since this was originally reported on 6 February 2019.

## Background

Although NCC has a long established link with NCU, unfortunately NCC has not been able to provide funding or support this financial year. However, one of the Council Plan priorities for 2019-23 that will be adopted is 'to serve Nottingham better, we will also help people on low incomes to budget and manage their finances better and promote Nottingham's Credit Union as an ethical alternative bank'. NCU is a local not-for-profit and solvent Credit Union, helping and employing local people in Nottingham, with any profits distributed to its Members. During 2019, NCC has continued to promote NCU to the workforce, and the HR Consultant-Reward met with Jason Eaves (JE) - NCU Manager in first quarter of 2019 to review the Soft Market test exercise (as previously reported to OSC).

## Current position

Both organisations continue to work in partnership to promote Holiday and Christmas savings schemes to existing and new NCC colleagues:

- NCU have run eight 'pop up' shops at Loxley House (since November 2018). However, due to colleagues cancelling appointments, no further sessions have been planned to date, although there is the intention to run some Money Tip Workshops in the future.
- NCU attended quarterly (induction) Welcome Event at the Council House in 2018 but due to resourcing issues, have not had a presence for new starters in 2019, although they did provide a stall at the Works Perks (Employee Benefit) refresh event in April 2019.
- There continues to be a range of general communications promoting NCU in the Works Perks newsletter, intranet, plasma screens and NCC website.
- JE has offered to attend team meetings (including Eastcroft), to talk to managers/team leaders and recruit colleagues to become NCU champions.
- JE has also delivered a Money Aware workshop for UNISON on 19<sup>th</sup> September 2019 to complement the Lighthouse Financial Surgery (on investment advice/retirement planning).
- Since February 2019, 82 loans for NCC staff have been approved (out of 109 applications), totalling £238,123. 54 new members have joined NCU and 22 have had loans approved (out of 27), totalling £69,172.
- There are now 488 NCC members who collectively have £326,438 in savings. Of this total staff figure, 173 have taken out loans totalling £494,179, which is currently outstanding.

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Future plans – NCC Employees

HR continues to aspire to providing a financial 'product' which colleagues value, including financial education and support, that appeals to the whole workforce, with the aim of positively impacting on stress-related absence and sleeplessness, and thus improving performance and productivity at work. The Corporate Institute for Personnel & Development (CIPD)'s view is that 'employers who recognise this and who support staff with the many and complex financial choices they now face, will benefit from more financially secure staff who make well informed decisions and who, as a consequence, will be more engaged, happier and more productive at work'. As approximately 50% of UK adults have numeracy skills equivalent to that expected of primary school children, this means that dealing with numbers is a real challenge to many employees. Therefore, employers like NCC need to start with the basics and build on that foundation, through the provision of broad, persistent educational resources, which are available/ accessible to all (including allowing for privacy), across the whole of the organisation, from senior management downwards, so people feel secure and not singled out, being supported with specialist services where appropriate.

NCU's priority continues to focus on providing finance to colleagues with 'limited choice', who may have difficulty in obtaining credit and/or obtaining affordable reasonably priced credit, particularly families with young children, as this is where NCU can add 'most value'. This means that NCU are potentially less appealing to parts of the workforce who are home owners and/or have more established and secure credit scores, meaning a high number of employees are excluded. NCU have, however, made a commitment to price match on 'like for like' loans in terms of interest rates applied e.g. if an employees has a £15,000 5 year loan with Sainsbury's bank at 5%, NCU will beat the loan rate by at least 0.25% APR. NCU continue to offer a range of loan products up to £15,000 in their effort to appeal to more NCC employees including those who would have used high cost lenders, loan sharks, etc, in the past. According to the CIPD 'in the absence of support from their employer, most employees turn to friends, family and comparison websites for help and none of these can provide expert insight or guidance'. This highlights how important it is for NCC to provide a financial wellbeing and education offering.

As a result of the recent review and with the aim of improving the current financial wellbeing offering, Councillor Graham Chapman, in his previous role as Deputy Leader, gave HR the 'go ahead' to undertake a Soft Market Test in the early part of 2019. Four external suppliers of Financial Wellbeing and Education completed this exercise, and two prize winning companies demonstrated their potential ability to provide a range of options to NCC employees, including debt consolidation loans (NCU also provide debt consolidation), to help people better manage their finances and get them on a more financially secure footing. Both companies are able to work in partnership with NCU and provide a complementary offering that provides colleagues with a wider choice, enables them to both borrow and save together (with low interest rates being applied), thus helping to reduce credit costs. NCU are also happy to work with NCC in the most appropriate way to meet the best interests of employees.

These two companies are also able to provide an end-to end service that provides employees with education, mechanisms for borrowing/saving, which will help break the cycle of debt and improve financial wellbeing. The HR Director is currently discussing the Soft Market test findings with Councillors Eunice Campbell-Clark (Portfolio Holder for Health, HR and

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Equalities), and Sam Webster (Portfolio Holder for Finance, Growth and the City Centre). Nottingham City Homes (NCH) are also interested in the outcome of these discussions, so there is a possibility of widening the financial wellbeing and education 'product' to NCH as well as NCC employees. With the pre-retirement provision currently being reviewed, there is also the potential that this (in addition to mid-life MOT's) could be included as part of the Financial Wellbeing package in the future. In addition, there is the intention to include Financial Wellbeing within the overall Total Reward Strategy with greater links to Mental Health, Employee Engagement & Wellbeing as part of 2019-2023 People Strategy.

### Future Plans - NCU and NCC Children's Integrated Services

NCU will shortly be opening 300 - 600 Young savers accounts for children in care to facilitate holding of savings for children in care with the intention that these savings are passed to the child when they reach the age of 18. The Credit Union is absorbing all costs associated with opening and maintaining these accounts.

### Future Plans – NCU and Nottingham Residents

In last 12 months, membership of the Credit Union has increased by 7%, the total amount those members have saved with the Credit Union has increased by 18% and the total value of loans to members has increased by 41%.

Working with HM Treasury and a number of other Credit Unions, NCU will shortly launch a new prize linked savings account designed to incentivise modest savings for people who currently do not save. This will be widely publicised to residents in Nottingham and is available to NCC employees via Payroll deductions.

In 2020, The Credit Union is able to lend £3M of new money to local residents who currently use High Cost Credit providers – this will save local families £2.2M , keeping more money in family budgets and local communities.

The work of the Housing Licensing (Selective Licensing) team is seeking to promote services to residents within Nottingham when undertaking inspections of properties to add value. As part of this work it will promote Nottingham Credit Union along with other services to residents living in the private rented sector.

### Conclusion

Lack of financial wellbeing and employee financial stress continues to be a big issue for employers, particularly as it is a major cause of mental health concerns and it is estimated that time lost due to sickness, reduced productivity through loss of sleep and strained relationships, etc, due to money worries, amounts to the equivalent of 13-17% of payroll costs. This is one of the many reasons currently driving organisations to take steps to challenge internal assumptions and invest in workers financial education in order to improve their overall health, happiness and wellbeing. The CIPD state that 'integral to any successful wellbeing programme is an understanding of the importance of how financial concerns can affect employee mental and physical health, as well as recognition that, as income providers, organisations play a vital role in their workers financial lives' and 'while it can differ by salary,

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location, grade, anyone-irrespective of age, gender, pay and so on-can suffer from stress as a result of money worries' and 'there has never been more of an important time for employers to support their people in becoming financially independent'.