

## Social Fund Replacement Task and Finish Group

### Witness Summary: Plymouth Credit Union

#### Background and History

The City of Plymouth Credit Union is a not for profit, member owned financial organisation providing credit at low rates and offering other forms of financial assistance to its members such as savings plans, budget management and debt advice.

- 1997: The West Plymouth Credit Union was officially registered – common bond limited to Mount Wise, Devonport, Keyham, Ford, Stoke and Pennycomequick
- 1999: Moved into first office and expanded common bond to include North Prospect, Ham, Camels Head, Peverell and Pennycross
- 2001: Moved to current office at 14 Cumberland Street, Devonport
- 2002: Accounts computerised and first paid staff employed and Credit Unions become subject to regulation by the Financial Services Authority
- 2006: Common bond expanded to include the whole of Plymouth
- 2007: Began offering capacity-based Wise Finance Loans
- 2011: Local Housing Allowance Scheme Launched along with new website enabling online account access

#### The credit union –

- Signposts people onto other agencies if they cannot be of assistance
- has a contract with a supplier to provide goods required and customers can then repay the cost of the goods provided via a low interest rate;
- has an arrangement in place with the DWP for any unpaid debts to be recovered from benefit payments;
- has established a local housing allowance scheme for private landlords and their tenants to address issues which arise with private tenants who are claiming housing benefit getting the money to their landlord. The housing benefit is paid direct to the credit union who can then pay the landlord on the tenant's behalf
- encourages people to save even if assistance in the form of a loan cannot be provided
- has a cap on savings limits current set at £10,000
- can provide financial assistance to its customers in the form of a pre-paid debit card
- operates with the assistance of volunteers and one paid fulltime employee
- has a contract with the young offenders unit to receive benefits on behalf of those who have no facility to access bank accounts
- currently has 1500 active accounts and 600 dormant accounts (not used for more than 12 months)
- usually turned around loan requests within 48 hours irrespective of the amount applied for

- has a good rate of return on its loans – 84% for those that take loans only and 99% for those who take loans and save
- provided loans to the value of £580,000 in 2011
- is confident it could administer delivery of the Social Fund with the creation of an additional 2.5 jobs and welcomes the opportunity to recycle the money in Plymouth