

PLYMOUTH CITY COUNCIL

Subject: Credit Union School Initiative “Starter-4-Ten”
Committee: Cabinet
Date: 11 November 2014
Cabinet Member: Councillor Lowry
CMT Member: Malcolm Coe, Assistant Director for Finance
Author: David Northey, Head of Corporate Strategy
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Ref:
Key Decision: No
Part: 1

Purpose of the report:

To provide the children and young people in Plymouth an opportunity to open a savings account with either of the two credit unions within the city, together with professional training in the importance of managing their money. Our aim is to promote alternative sources of lending to the high profile Pay Day Loan companies.

For all eligible year 7 students, there is the opportunity to open a credit union savings account in the Autumn term 2014. The proposal is that Plymouth City Council will give each child a voucher for £10 to deposit to start their savings plan. In addition, provided the child still has a minimum balance of £10 after 12 months, we will give each child a further £10 to deposit to top up their savings plan.

In order to maximise the full potential of this proposal we have joined up with the Year 11 scheme, which has already gained agreement, to provide one initiative to schools.

For all eligible year 11 students, in the Autumn term, to give them a kick start with their savings, we are offering the opportunity for them to open a Credit Union savings account and again Plymouth City Council will give each eligible student a voucher for the sum of £10 to deposit.

There are also plans to teach the students the value and importance of money, with presentations and lessons from ourselves, Plymouth City Council staff, and colleagues at Barclays. This opportunity allows the city’s secondary schools to demonstrate their delivery of part of Personal Finance Education, an element of statutory Citizenship Education. In addition it is evidence of work in SMSC (social, moral, spiritual, cultural) development.

The projects are part of the Life Skills programme and the Credit Unions are accredited by the Financial Services Compensation Scheme (FSCS). The training sessions will focus on budgeting, saving, borrowing, avoiding scams and how to use basic bank accounts. The Council aims to break the cycle of debt by improving financial literacy, budgeting and saving skills amongst residents, focusing on our children, being tomorrow's savers and takers of loans.

The Brilliant Co-operative Council Corporate Plan 2013/14 -2016/17:

The key initiatives and activities which deliver this awareness link directly to the Council's Corporate Plan to be The Brilliant Co-Operative Council, supporting our objectives:

- Pioneering Plymouth: providing education and savings which exceed our customer expectations
 - Growing Plymouth: making our City a great place to grow up and attend school
 - Caring Plymouth: promoting a fairer, more equal city by investing in communities
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Implications for Medium Term Financial Plan and Resource Implication: Including Finance, Human, IT and Land

- The training will be provided free of charge by the Credit Unions and Barclays Bank.
 - The payment to an estimated eligible 3,500 students in year 11 will cost £35,000; funding has been agreed from our Emergency Welfare Fund under the Delegated Decision early intervention and prevention assistance – see delegated decision referred at the bottom of the report.
 - The two payments to an estimated eligible 2,500 students in year 7 will cost £50,000 in 2014/15 and will be funded from our general reserves.
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Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:

The initiative, by being made available right across the city, will benefit all sections of our community.

Equality and Diversity

Has an Equality Impact Assessment been undertaken? No

Recommendations and Reasons for recommended action:

That Cabinet:-

1. Note the Year 11 proposal, which has been approved by an Executive Decision taken by Councillor Penberthy in March 2014
2. Approve the Year 7 proposal as proposed in the report.

Reasons: To provide the children and young people in Plymouth an opportunity to open a savings account with either of the two credit unions within the city, together with professional training in the importance of managing their money. Our aim is to promote alternative sources of lending to the high profile Pay Day Loan companies.

Alternative options considered and rejected:

None

Published work / information:

[Delegated Decision Early Intervention and Prevention Assistance from Emergency and Welfare Fund March 2014](#)

[Motion on Notice on the subject of Loan Sharks](#)

Background Papers:

None

Sign off:

Fin	djn1415.64	Leg	21597/ DVS	Mon Off	21597/DVS	HR		Assets		IT		Strat Proc	
Originating SMT Member: Malcolm Coe, AD for Finance													
Has the Cabinet Member(s) agreed the contents of the report? Yes													



Plymouth City Council
Credit Union School Initiative
“Starter-4-Ten

2014/15

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Background

At the Full Council Meeting held 3rd December 2012, there was a debate on a **Motion on Notice on the subject of Loan Sharks**. The Motion included proposals that the Council:

- Notes and welcomes the UK-wide campaign to end ‘legal loan sharking’.
- Believes that the lack of access to affordable credit is socially and economically damaging.
- Unaffordable credit is causing a myriad of unwanted effects such as poorer diets; colder
- Further notes that unaffordable credit is extracting wealth from the most deprived communities.
- Believes it is the responsibility of all levels of government to try to ensure affordable credit for all
- **Also pledges to promote credit unions, community based organisations offering access to affordable credit and promoting saving, in Plymouth.**

The Motion was proposed by Councillor Penberthy, Cabinet Member for Cooperatives and Community Development, and Seconded by Councillor Evans, Leader of the Council.

Several initiatives have been worked up, with the aim of promoting credit unions and promoting savings in Plymouth.

Three initiatives have been linked to provide one joint approach to raising awareness within schools, and our young people to the benefits of savings.

1. Plymouth City Council is working in partnership with the two Credit Unions in Plymouth, “Hope (Plymouth) Credit Union Limited” and “City of Plymouth Credit Union Limited”, with support from our operational bank provider Barclays Bank, to roll out **life skills programmes to help our young people understand the value of money.**
2. **In tandem with this, we will be making funds available as contributions to the young people’s savings.**
3. **Following** a delegated decision entitled **Early Intervention and Prevention Assistance from Emergency and Welfare Fund** signed by the Cabinet Member for Cooperatives and Community Development dated March 2014, Plymouth City Council agreed to set up an incentive to encourage school children to save from an early age. This initiative stated that “Every child who is resident in Plymouth, in a specified year of secondary education would be given in the region of £10 - £15 to save in a credit union account”.

Introduction

We are planning to teach the young people of Plymouth the value and importance of money and savings, whilst promoting the services provided by the two Credit Unions. The intention is to ensure awareness of alternatives to Loan Sharks and Pay Day Lenders.

The key initiatives and activities which deliver this awareness link directly to the Council's Corporate Plan to be The Brilliant Co-Operative Council, supporting our objectives:

- Pioneering Plymouth: providing education and savings which exceed our customer expectations
- Growing Plymouth: making our City a great place to grow up and attend school
- Caring Plymouth: promoting a fairer, more equal city by investing in communities

For all eligible year 7 students, there is the opportunity to open a Credit Union savings account in the Autumn term 2014. *Plymouth City Council will give each child a voucher for £10 to deposit to start their savings plan.* In addition, provided the child still has a minimum balance of £10 after 12 months, we *will give each child a further £10 to deposit to top up their savings plan.*

For all eligible year 11 students, in the Autumn term, to give them a kick start with their savings, we are offering the opportunity for them to open a Credit Union savings account and again ***Plymouth City Council will give each eligible student a voucher for the sum of £10 to deposit.***

We are also planning to teach the students the value and importance of money, with presentations and lessons from ourselves, Plymouth City Council staff, and our colleagues at Barclays. This opportunity allows your school to demonstrate its delivery of part of Personal Finance Education, an element of statutory Citizenship Education. In addition it is evidence of work in SMSC (social, moral, spiritual, cultural) development

Objectives

The objectives of this initiative are:-

- To actively promote a savings habit for all first year secondary school students and year 11 students by opening a credit union savings account with a donation of £10 per student
- Actively promote the service, ethos & values of the credit unions
- To raise awareness of the impact of borrowing from non-standard lenders
- Reward year 7 students with a further £10 after 12 months, in recognition of maintaining a minimum £10 balance
- A commitment from all three partners to introduce the concept of financial awareness at an early age within the local community.
- Helping to build and shape a better community spirit within the City of Plymouth

Monitoring & Evaluation

A key activity of the project team will be to develop a monitoring framework which will track:-

- Number of completed application
- Number of accounts created
- Total Value of Savings
- Frequency of Savings

Project Team Structure

Name	Service/Department/Organisation	Role
Cllr. Mark Lowry	Cabinet Member for Finance	Project Sponsor
Cllr Chris Penberthy	Cabinet Member for Cooperatives and Community Development	Co-Sponsor
Cllr Sue McDonald	Cabinet Member for Children, Young People and Public Health	Co-Sponsor
David Northey	Head of Corporate Strategy	Project Lead
Laura Griffiths	Financial and Social Inclusion Officer	Project Officer
Ann Thorp	Customer Services Manager	Project Officer

Establishing Project Delivery Partnerships with Credit Unions

The project concept is to link secondary schools throughout the City to safe local community credit unions.

In the first instance, our banking partners Barclays Bank were approached to gain an understanding of the relationship between the established high street bank providers and the credit unions in the city. Barclays were very keen to support and promote the initiative, agreeing to provide both staff and educational material to deliver the importance of savings to our young people, and were also instrumental in engaging the credit unions with us to support our initiative.

The Project Team undertook an extensive engagement exercise with the two city credit unions with the aim of securing their commitment to participate in the project and commit to being linked to a nominated local secondary school(s), where possible.

The key aspects of engagement with the credit union sector involved:

- Outlining the initiative and highlight the Council's objectives;
- Securing credit union commitment to participate and deliver;
- Clarifying and agreeing roles, responsibilities, resources and practicalities around implementation;
- Identifying areas where additional credit union support was required (example – initial administration costs)
- Establishing the specific geographical areas of Plymouth covered by both credit unions linked to their individual common bonds.
- Confirming existing credit union/school-partnership arrangements with primary feeder schools and secondary schools.
- Linking credit unions with appropriate local secondary schools.

The key objective was to secure adequate community credit union participation to ensure full coverage of all secondary schools in the City.

A crucial factor in securing credit union commitment to participate has been the reassurance given by the Project Team to minimise the financial and staff resource input for credit unions and the provision of additional financial resources to offset the administration costs associated with project delivery.