

DERBYSHIRE COUNTY COUNCIL

CABINET MEMBER MEETING – HEALTH AND COMMUNITIES

20 August 2013

Report of the Deputy Chief Executive and Strategic Director Health and Community Safety and the Director of Public Health

PROPOSED CRITERIA FOR THE ALLOCATION OF THE “INSTANT ACCESS” LOAN FUND TO CREDIT UNIONS

Purpose of the Report

To consider proposed criteria in relation to the allocation of the “Instant Access” Loan Fund to Credit Unions.

Information and Analysis

Credit Unions are playing an increasingly important role in supporting people by providing access to affordable credit in times of difficulty and by encouraging saving.

Most of the Derbyshire population now has access to a Credit Union with five operating across the county, as follows:

- 2 Shires Credit Union (Bolsover)
- Chesterfield and North East Derbyshire Credit Union
- Erewash Credit Union (Amber Valley and Erewash)
- Manchester Credit Union (High Peak)
- Money Spider Credit Union (South Derbyshire)

In recent years, there has been a growth in “pay day lenders” and the Credit Union movement is responding by providing people with access to small “instant loans” of up to £500 with repayment secured from direct deduction from benefit payments. This approach has been successfully operated by the Chesterfield and North East Derbyshire Credit Union.

At its meeting on 30 July 2013, Cabinet approved a grant fund of £300,000 from the Public Health budget for “instant access” loans managed by Credit Unions. This initiative supports the Authority’s commitment to addressing anti-poverty and specifically, financial inclusion.

Following the Cabinet decision, proposed criteria have been drawn up to manage the allocation of the fund to the Credit Unions, as follows.

- Need, based on the number of Lower Super Output Areas (LSOA's) within the district(s) area covered by the Credit Union which are within the 20% most deprived, based on the Index of Multiple Deprivation (IMD) Income Deprivation indices.
- Cash in reserves
- Secure revenue funding
- Current and projected membership growth
- Track record of managing loan schemes
- Capacity to manage the loan fund.

It is proposed to invite the five Credit Unions covering Derbyshire to apply for an allocation of funding from the "Instant Access" Loan Fund, based on the criteria. It would be appropriate to delegate decisions on the allocation to each Credit Union to the Strategic Director of Health and Community Safety in consultation with the Cabinet Member for Health and Communities.

Financial Considerations

The costs will be met from the 2013/14 Public Health budget.

Other Considerations

In preparing this report the relevance of the following factors has been considered: prevention of crime and disorder, legal, equality of opportunity, environmental, health, personnel and property considerations.

Key Decision - No

Call – In

Is it required that call-in be waived in respect of the decisions proposed in the report? No

Background Papers

Cabinet Report 30 July 2013

OFFICERS' RECOMMENDATIONS

1. To approve the criteria for the allocation of the "Instant Access" Loan Fund to Credit Unions;
2. To delegate decisions on the allocation to each Credit Union to the Strategic Director for Health and Community Safety in consultation with the Cabinet Member for Health and Communities.

David Lowe
Strategic Director
Health and Community Safety

Elaine Michel
Director of Public Health