



Report of Head of Scrutiny and Member Development

Report to Scrutiny Board (Resources and Council Services)

Date: 14th October 2013

Subject: High Cost Lenders

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. At its meeting on 30th September this Scrutiny Board met with officers and external witnesses to discuss the impact of 'high cost lenders' and the Council's action plan to tackle this issue.
2. In summary, the main areas of discussion were:
 - The extent of the use of high cost money lenders and the reasons for such use
 - The Council's High cost lenders action plan as agreed by Executive Board
 - The campaign to stop payday loan companies advertising in football
 - The role of Leeds Credit Union in providing alternative sources of loans and their ability to compete with high cost lenders
 - The role of schools and children's services in raising awareness of money management
 - The role of debt advice and the need to remove the stigma associated with discussing debt
 - The need to adopt innovative schemes to compete with the perceived attractiveness of high cost lenders
 - The pressures on the Discretionary Housing Payments (DHP) budget and the ability to use underspends from the Local Welfare Scheme to support the DHP budget

3. In addition the Board briefly considered the role and influence local planning authorities have in restricting the proliferation of high street, high cost, money lenders. The Scrutiny Board agreed to invite a planning officer to discuss this in more detail. A planning officer will be in attendance at today's meeting
4. Members at the September meeting also suggested other actions which could be included within the Councils 'High cost lenders action plan'. These were listed as;
 - Proactively enforcing trading standards investigations into payday lenders not working to policy
 - Lobby Government to make financial education compulsory in secondary education
 - Consider the automatic enrolment into the credit union for all new secondary school student with £10 credit in order to increase use of credit unions and develop good financial habits
 - committing to not leasing any council property to payday lenders
 - Working with the West Yorkshire Pension Fund to ensure no direct investments are made in the trade
 - Ban advertising of payday lenders on council-owned billboards, bus shelters etc.
 - Encourage those who use high cost lenders and who *do* pay back loans to use credit unions/alternatives, thus eliminating the sustainability of payday loans
 - Support Leeds Credit Union in its rebranding in order to compete with high cost lenders
 - Invest resources to improve data collection and use across services areas

Recommendations

5. Members are asked to;
 - (i) Discuss the role and influence local planning authorities have in restricting the proliferation of high street, high cost, money lenders.
 - (ii) Consider the initial recommendation listed in paragraph 4 and approve and/or amend as appropriate.

Background documents¹

None used

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.