

Scrutiny Response – Legal High Cost Lending 30 September 2013

Following the meeting of scrutiny the following 9 additional points were put forward by Members for consideration. The response from officers to these points is detailed in the table below.

Scrutiny Comments	Response
1. Proactively enforcing trading standards investigations into payday lenders not working to policy	This point has been added to the action plan but to note that it can be very labour intensive to proactively monitor these licences. Will also engage with partners to determine if they can assist in the process.
2. Lobby Government to make financial education compulsory in secondary education	This is now compulsory for key stages 3 and 4 (i.e. 11-16 year olds)
3. 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	Discussions being held with the credit union about this but in the context of how best to get young people signed up. The cost of enrolling all new secondary students would be about £75,000 every year. There might be better ways to spend the money to get greater effect. However, this will be investigated as part of the approach. This has been added to the action plan.
4. committing to not leasing any council property to payday lenders	This was considered briefly about a year ago but nothing was concluded at the time. This has been added to the action plan and will be pursued at again.
5. Working with the West Yorkshire Pension Fund to ensure no direct investments are made in the trade	Already done this and as far as can be ascertained they have no investments either primary or secondary with high cost lenders.
6. ban advertising of payday lenders on council-owned billboards, bus shelters etc	This is already in the action plan in general terms. However, will re-word to make it a clearer commitment. The council meeting on 11 September agreed a white paper motion which included this action. A report to the Executive Board in November will detail how to implement this proposal.
7. target those who use high cost lenders who do pay back loans to use credit unions/alternatives, thus eliminating the sustainability of payday loans	This will be done as part of the major promotion campaign but a specific reference will be inserted into the action plan to cover this point. The credit union would welcome those with a good repayment record. Consider investigating how to more precisely target these groups would be a very good line of approach.
8. Support Leeds Credit Union in rebranding in order to compete with high cost lenders, including opening branches in areas where high cost lenders are present.	This will be part of the marketing strategy currently being developed by a marketing agency in conjunction with LCC Corporate Communications and LCCU. The credit union would be happy to open new branches but they are not financially sustainable and they could not do it without significant financial commitment from the Council. The Council currently pays £278,000 per year as a grant to the credit union to support the 5 community branches in One Stop Centres.
9. Invest resources to improve data collection and use across services areas.	As part of the advice sector review, investigating a more integrated use of and sharing of data across agencies, LCC and LCCU. Also looking at common appointment systems across agencies.