

REGENERATION, COMMUNITY AND CULTURE OVERVIEW AND SCRUTINY COMMITTEE

10 APRIL 2014

ACTIONS UPDATE OF FAIR ACCESS TO CREDIT TASK GROUP REVIEW

Report from: Robin Cooper, Director of Regeneration, Community and Culture

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Summary

This report provides Members with an update on progress made on the recommendations from the Fair Access to Credit review, which were agreed by the Cabinet on 4 September 2012.

1. Budget and Policy Framework

1.1 Access to affordable credit is not an abstract issue. It can impact on a wide set of strategic priorities, for example it could be disruptive to community cohesion, public wellbeing and homelessness. Tackling this issue was therefore seen as relevant to the council's core values and strategic priorities that underpin all of the council's work and its delivery of services to the people of Medway. Some of the recommendations were specifically relevant to the Medway Social Regeneration Strategy 2008-2016, which was approved as part of the regeneration framework on 1 April 2008.

2. Background

2.1 At a meeting of Medway Council's full Council on 12 January 2012 Members considered a motion that recommended the introduction of caps on the total lending rates, called on the government to give local authorities the power to veto licences for high street credit agencies where they could have negative economic or social impacts on communities, and pledged to promote Credit Unions in Medway, as community based organisations offering access to affordable credit and promoting saving.

- 2.2 The Council agreed to refer the issue to a cross-party Task Group to enable the Council to consider all the implications; form a better understanding of the role the Council can play in supporting residents and develop a clear policy.
- 2.3 The Task Group met with representatives from a number of organisations. This included the Medway Citizens Advice Bureau, Credit Unions, trade associations, a loan provider, the Youth Parliament and officers from various sections of the Council. This was supported by additional written submissions from a number of organisations/individuals working within the remit of this review and further desktop research.
- 2.4 The review document was presented to the Business Support Overview and Scrutiny Committee on 8 August 2012 and the Regeneration, Community and Culture Overview and Scrutiny Committee on 16 August 2012. It was subsequently presented and approved at Cabinet on 4 September 2012.
- 2.5 A copy of the review document can be viewed using the following link: <http://www.medway.gov.uk/pdf/Fair%20Access%20to%20Credit.pdf>
- 2.6 At a meeting of the Regeneration, Communities and Culture Overview and Scrutiny Committee on 11 April 2013 Members noted the progress made against the actions from the review and agreed that a report on further progress against the actions should be presented to the committee in 12 months time.

3. Key findings

- 3.1 The following section summarises the main findings from the review, set out under the Task Group's original Terms of Reference:

The role of the Council in supporting Medway residents affected by unaffordable credit

The approach included work on enabling Credit Unions, promoting financial literacy and supporting the establishment of a Social Impact Board. A key message was also that of always accessing credit via a licensed lender, making residents aware of the sources of free and independent debt advice and providing a consistent message based upon early contact and intervention when problems arise.

Strengthening the rules governing the issue of lending licences and, recognising that an effective strategy in combating illegal lending was an alternative supply, addressing the lack of affordable credit

The approach focused on making the consumer credit market more transparent and responsive to the dynamic credit market, giving local authorities greater control over the planning process and enabling affordable alternatives such as Credit Unions.

How the Council can promote financial literacy and affordable lending and debt counselling.

Decisions related to advocating the integration of financial education into the curriculum, financial literacy for all and promoting the timely access to appropriate and quality advice.

4. Update on actions

4.1 This subject remains relevant both locally and nationally. Of particular interest at the present time is the final report of the Office of Fair Trading into its compliance review of the payday lending sector. The review, published on 6 March 2013, found evidence of widespread non-compliance with the law and guidance across the market and throughout the lifecycle of payday loans, from advertising of loans to debt collection. 50 payday lenders, accounting for 90 per cent of the payday market, are being given 12 weeks to change their business practices or risk losing their licences. The OFT also announced that, subject to consultation, it proposed to refer the payday lending market to the Competition Commission after it found evidence of deep-rooted problems in how lenders compete with each other. The Office of Fair Trading report is available at:

http://www.offt.gov.uk/shared_offt/Credit/oft1481.pdf

4.2 As of 1 April 2014, responsibility for regulating the consumer credit market has passed from the OFT to the Financial Conduct Authority (FCA). Although there are detail changes between the scope of the OFT and FCA regimes, the Government's overall approach has been to keep the scope of consumer credit regulation broadly the same. There are no significant differences in the types of loan agreement that are exempt from being 'regulated agreements'.

4.3 While the FCA has carried across many standards from the Consumer Credit Act (CCA) and the OFT guidance, there are significant changes for payday lenders and debt management companies, including:

- limiting the number of loan roll-overs to two
- restricting (to two) the number of times a firm can seek repayment using a continuous payment authority (CPA)
- a requirement to provide information to customers on how to get free debt advice
- requiring debt management firms to pass on more money to creditors from day one of a debt management plan, and to protect client money.

4.4 The FCA has also published a factsheet for credit unions, which can be accessed at:

<http://www.fca.org.uk/your-fca/documents/factsheets/factsheet-no-032>

4.5 On 12 March 2014, the FCA announced that payday lenders and other high cost short term lenders will be the subject of an in-depth, thematic review into the way that they collect debts and manage borrowers in arrears and forbearance. Forbearance is usually a temporary postponement of payments, or where the borrower requests an extension of time allowed for making payments, or the acceptance of smaller payments than were previously scheduled.

4.6 The review will be one of the first actions that the FCA takes as regulator of consumer credit, and reinforces its commitment to protecting consumers; one of its statutory objectives. It is just one part of the FCA's agenda for tackling poor practice in the high cost short-term loan market.

4.7 It will look at how high-cost short-term lenders treat their customers when they are in difficulty. This will include how they communicate, how they propose to help people regain control of their debt, and how sympathetic they are to each borrower's individual situation. The FCA will also take a close look at the culture of each firm to see whether the focus is truly on the customer, or simply oriented towards making profit.

4.8 Beyond this review, as part of its regulation of the high cost short term lending sector, from 1 April 2014 the FCA will also:

- Visit the biggest payday lenders in the UK to analyse their business models and culture;
- Assess the financial promotions of payday and other high cost short term lenders and move quickly to ban any that are misleading and/or downplay the risks of taking out a high cost short term loan;
- Take on a number of investigations from the outgoing consumer credit regulator, the OFT, and consider whether we should begin our own for the worst performing firms;
- Consult on a cap on the total cost of credit for all high cost short term lenders in the summer of 2014, to be implemented in early 2015;
- Continue to engage with the industry to encourage them to create a real-time data sharing system; and
- Maintain regular and ongoing discussions with both consumer and trade organisations to ensure regulation continues to protect consumers in a balanced way.

- 4.9 The FCA's new rules for payday lenders, confirmed in February, will mean the sector has to carry out proper affordability checks on borrowers before lending. They will also limit to two the number of times a loan can be rolled-over, and the number of times a continuous payment authority can be used to dip into a borrowers account to seek repayment.
- 4.10 Around 50,000 consumer credit firms are expected to come under the FCA's remit on 1 April, of which around 200 will be payday lenders. These companies will initially have an interim permission but will have to seek full FCA authorisation to continue doing credit business in the longer term.
- 4.11 Payday lenders will be one of the groups that have to seek full FCA authorisation first. The FCA expects that a quarter of current firms will decide that they cannot meet the FCA's higher consumer protection standards and leave the market. Most of these firms will be the ones that cause the worst consumer detriment.
- 4.12 The list of actions agreed by Cabinet on 4 September 2012, along with a commentary to update the committee on progress against each action, is attached at Appendix 1.

5. Risk management

- 5.1 The review considered the impact and availability of affordable credit, together with the general debate on debt advice and debt management. In bringing forward recommendations the Task Group was mindful of the impact on the council's strategic objectives and enhancing the value of services provided to the Medway community. The decisions agreed therefore brought forward a comprehensive package in the interest of Medway's residents, setting a foundation that could be developed locally or submitted to Government as part of the national dialogue on these important issues.
- 5.2 The passing of the overall regulatory responsibility from the Office for Fair Trading to the Financial Conduct Authority , with a new focus on controlling unfair trading practices by payday lenders should reduce risk to Medway's residents.

6. Financial and legal implications

- 6.1 There are no financial or legal implications arising directly from this report.

7. Recommendations

- 7.1 The Committee is recommended to note the progress made against the actions from the review and that the legal changes put in place since the Task Group have resulted in a much stronger national regulatory regime for controlling the practices of high cost credit providers.

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Background papers:

None

DECISIONS		ACTION BY	STATUS/COMMENT
1	The Cabinet welcomed the current scrutiny of the credit market at a national level, as evidenced by the Office of Fair Trading review of payday lending.	No further action required.	
2	The Cabinet agreed that the council should respond to consultations on the consumer credit market where appropriate.	Commercial Services Manager	<p>Action ongoing</p> <p>The service will respond as and when the FCA consults on detailed regulatory proposals.</p> <p>Trading Standards have recently responded to a consultation on a memorandum of understanding outlining the liaison between local authorities and the Financial Conduct Authority in relation to the enforcement of the new credit regime and an operating protocol for sharing intelligence in relation to any investigation.</p> <p>A copy of the response is at Appendix 2.</p>
3	The Cabinet noted that Medway Citizens Advice Bureau, with support from Wonga, was undertaking a review of lending products and the level and nature of consumer indebtedness amongst Medway residents and would support the findings of this being reported to the proposed Social Impact Board (see decision 121/2012).	This action was being taking forward by the Medway Citizens Advice Bureau. The Citizens Advice Bureau has advised that the survey has finished and the final results will be released in May 2014.	

DECISIONS		ACTION BY	STATUS/COMMENT
4	<p>The Cabinet supported the establishment of a multi-agency Social Impact Board in Medway looking at issues of debt, worklessness and housing. The objective being to continue and enhance partnership working with public, private and voluntary sector providers, with an emphasis upon a co-ordinated approach that actively assesses the needs of Medway residents. That the Board be encouraged, as and when appropriate, to work with the lending trade associations and the lenders themselves.</p>	<p>This action is being taking forward by the Medway Citizens Advice Bureau.</p> <p>The Citizens Advice Bureau advise that the Shadow Social Impact Board has 18 members feeding into 6 themes, the Board will go live in June with agreed protocols and Terms of Reference.</p>	
5	<p>The Cabinet agreed that the Director of Regeneration, Community and Culture writes to local organisations including voluntary, community and church groups in Medway, emphasising the need to notify Medway Council's Trading Standards team and Financial Ombudsman Service of instances of firms acting inappropriately or illegally to ensure they can be investigated in an appropriate and timely fashion.</p>	<p>Commercial Services Manager</p>	<p>Action discharged</p> <p>Letters were sent to 63 local organisations outlining the work undertaken by the Task Group and signposting the final Task Group report.</p> <p>Whilst acknowledging that this could be a sensitive issue for those affected, the letters encouraged people to come forward to notify where financial institutes had act inappropriately or illegally to ensure they can be investigated in an appropriate and timely fashion. Contact details were provided for Medway Council's Trading Standards Team, the Financial Ombudsman Service and the National Illegal Money Lending Team.</p>

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6	<p>The Cabinet supported the transfer of the regulation of consumer credit to the Financial Conduct Authority (FCA) and noted that the model for FCA regulation would be designed with input from the Financial Services Authority, Office of Fair Trading, and industry and consumer representatives and the transfer will then be subject to impact assessment and approval by both Houses of Parliament.</p>	<p>No further action required.</p>	<p>Members are advised that the Financial Services Authority published 'The Journey to the FCA' in October 2012. This gives a detailed explanation of how they intend to achieve the FCA's vision: to make markets work well so consumers get a fair deal. The document is available via: http://www.fsa.gov.uk/about/what/reg_reform/fca</p>
7	<p>The Cabinet noted and commended the announcement by the Government on 19 July 2012 that the Office of Fair Trading is to be given power to suspend a consumer credit licence with immediate effect where there is an urgent need to protect the interest of consumers.</p>		<p>The new Financial Conduct Authority (FCA) has made the preliminary outline of new rules, which will result in how payday lenders and debt management companies treat their customers. This includes mandatory affordability checks for payday borrowers and giving the FCA the power to ban any misleading adverts from payday lenders.</p> <p>The FCA has declared that they will take a tougher approach to consumer credit with stronger powers to clamp down on poor practice than the previous Office of Fair Trading regime. The rule changes announced will give consumers additional protection from rogue practices and puts the onus on credit providers to ensure that they treat customers fairly at all times.</p> <p>The biggest changes come for payday lenders and debt management companies, including:</p> <ul style="list-style-type: none"> • limiting the number of loan roll-overs to two restricting (to two) the number of times a firm can seek repayment using a continuous payment authority (CPA) • a requirement to provide information to customers on how to get free debt advice • requiring debt management firms to pass on more money to creditors from day one of a debt management plan, and to protect client money <p>Consumer credit providers will also need to ensure that they give customers the right information to make informed choices, that their services meet consumer needs, and that people in difficulty are treated fairly. The FCA has also confirmed the following approach:</p> <ul style="list-style-type: none"> • Firms that do higher risk business and pose a potentially greater risk to consumers will

DECISIONS		ACTION BY	STATUS/COMMENT
			<p>face an intense and hands on supervisory experience</p> <ul style="list-style-type: none"> • A robust authorisation gateway to ensure that any firm or individual authorised to do consumer credit business is fit and proper, and that firms have suitable and sustainable business models • Dedicated supervision and enforcement teams will crack down on poor practice, money laundering and unauthorised business. Firms that break the rules may face detailed investigations and tough fines. <p>Locally, the Trading Standards continues its joint working with the England Illegal Money Lending Team raising awareness of loan sharks operating in the area. Two week long awareness events are happening in local high streets and alternative approaches are planned to raise wider awareness.</p> <p>As the FCA rules materialise into workplace obligations at local high cost credit providers Medway's trading standards team, subject to available resources, envisage inspections and mystery shopping exercises to ensure new commitments manifest themselves in the services delivered to local residents.</p>
8	<p>The Cabinet agreed that the Director of Regeneration, Community and Culture recommend to the Minister for Communities and Local Government and Medway's Members of Parliament that the Town and Country Planning (Use Classes) Order 1987 be amended, so that any holder of a Consumer Credit Licence which is not also regulated by the Financial Services Authority for the purpose of taking deposits, is removed from the A2 Use Class as defined in TCPUC 1987 and placed in a new category.</p>	<p>Director of Regeneration, Community and Culture</p>	<p>Action discharged</p> <p>The Director of Regeneration, Community and Culture wrote to the Chief Planning Officer in October 2012.</p> <p>The letter recommend that that the Town and Country Planning (Use Classes) Order 1987 be amended, so that any holder of a Consumer Credit Licence which is not also regulated by the Financial Services Authority for the purpose of taking deposits, is removed from the A2 Use Class as defined in TCPUC 1987 and placed in a new category or redefined as a sui generic use.</p> <p>The letter was accompanied by a copy of the Fair Access to Credit review document and highlighted that that the Task Group had considered evidence concerning the cluster of shops offering access to credit in Medway's High Streets and the implications of how the Town and Country Planning (Use of Classes) Order 1987(as amended) placed uses of land and buildings into 'Use Classes'.</p>

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9	<p>The Cabinet welcomed the appointment of Bristol University's Personal Finance Research Centre to carry out research into the impact on consumers and business of a variable cap on the total cost of credit that can be charged in the short to medium term high cost credit market. The research was due to report in summer 2012 and it was agreed that the Council review and respond to the Government response to this research.</p>	Commercial Services Manager	<p>Action discharged</p> <p>The Department for Business Innovation and Skills published on 6 March 2013 the research report from the University of Bristol on <i>The Impact on Business and Consumers of a Cap on the Total Cost of Credit</i>. The publication coincided with the publication of the Office of Fair Trading's report on payday sector compliance.</p> <p>The Bristol report explored why consumers use short-term credit rather than lower cost or more mainstream credit products and also the issues associated with short-term credit. The findings refer to evidence of consumer detriment in these markets. It also explores the potential impact on lenders and markets of a variable cap on the total cost of credit and indicates that a variable cap on the total cost of credit in the short-term credit market may not be the best way of addressing the causes and consequences of detriment in this market.</p> <p>The government published a response to the report, which has resulted in the FCA announcing that it will take a tougher approach towards high cost credit providers. See also response to 7 above.</p>
10	<p>The Cabinet agreed that the Director of Regeneration, Community and Culture recommend to the Department for Business, Innovation and Skills, whilst noting the current Office of Fair Trading review into the payday lending sector, that the Government consider introducing:</p> <ul style="list-style-type: none"> • Limits on the ability of consumers to roll over loans. • Further controls over marketing and curtailing the targeting of specific groups. 	Commercial Services Manager	<p>Action discharged</p> <p>The Commercial Services Manager wrote to the Secretary of State for Business, Innovation and Skills.</p> <p>The letter noted and welcomed the current review into the payday-lending sector by the Office of Fair Trading, the discussions about the role of the new financial regulator – the Financial Conduct Authority – and the potential for them to have the power to cap the interest rates charged by lenders. In line with the Task Group recommendations the letter also urged the Government to consider further steps to more effectively regulate this trade sector .</p> <p>See also response to 7 above.</p>

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	<ul style="list-style-type: none"> • In discussion with credit agencies and trade associations, new means to improve credit referencing, so all lenders provide real time information to credit agencies about the payment performance of customers, which in turn would assist those with good payment records to use mainstream lenders in the future and restrict the possibility of multiple loans. • In discussion with trade associations the introduction of a compulsory total charge for credit per £100 or total cost of capital, in addition to the use of APR, to assist consumers in assessing whether the proposed agreement is suitable for their needs and financial situation, noting that it was being introduced on a voluntary basis. 		
11	<p>The Cabinet agreed that the Director of Regeneration, Community and Culture write to the main banks operating in Medway encouraging them to promote easy access to Basic Bank Accounts, as a means of encouraging the remaining unbanked into the mainstream, and highlighting the Task Group's concerns about high daily penalties for unauthorised overdrafts</p>	<p>Gavin Stedman, Commercial Services Manager</p>	<p>Action discharged</p> <p>Letters were sent to 40 banks/building societies operating within Medway.</p> <p>The letter drew attention to a report on Fair Access to Credit and the importance of mainstream institutions in enabling access to affordable credit (section 6.10 of the report). The letter urged the development and promotion of easy access to Basic Bank Accounts as a means of encouraging those without a bank account to set one up.</p> <p>The letter also highlighted the Task Group's concerns about high daily</p>

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	and that the banks should be providing affordable alternatives for customers needing to take out short term loans, with greater transparency of the fee structure and fairer charges.		penalties for unauthorised overdrafts and that the banks should be providing affordable alternatives for customers needing to take out short-term loans, this included ensuring that there is greater transparency of the fee structure and charges for these products.
12	The Cabinet noted that Credit Unions as financial institutions provide a sound and reliable source of affordable credit and welcomed the contribution made by Kent Savers Credit Union Ltd and Medway Credit Union Ltd for their part in providing a service to the Medway community.	No further action required.	
13	The Cabinet agreed that the Social Regeneration Manager work with the Medway Credit Union Ltd to seek a suitable High Street location within the Medway area.	Clem Smith, Social Regeneration Manager	Action discharged The Social Regeneration Team have successfully facilitated Medway Credit Union's move to the 1 st Floor of the Pentagon Shopping Centre (Unit 88/89). Access to the Pentagon Office in June 2013 followed the lease being negotiated with Pentagon Centre Management and extensive re-wiring work had to be carried out. The Credit Union moved in end of July, with the official launch being held on 28 th August. The Pentagon location has increased visibility and membership has risen. With rent being covered by funding secured by the Council, this has enabled the Credit Union to focus on raising their profile in Medway and becoming more robust as an organisation. Officers have secured further funds and alongside contributions from the Credit Union this will enable them to maintain their Pentagon presence from 1 st April 2014 for another year.
14	The Cabinet agreed that the Director of Regeneration, Community and Culture invite Kent Savers Credit Union Ltd and Medway Credit Union Ltd to work with officers from the Regeneration,	Clem Smith, Social Regeneration Manager	Action discharged It is noted that authorisation has been received from the Financial Services Authority for Medway Credit Union to change their Common Bond, which will allow them to recruit outside of Medway.

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	<p>Community and Culture Directorate to develop an action plan exploring how assistance can be provided or guidance given with business development and training to enable the Credit Unions to seek support from local organisations, institutions and businesses to both raise their profile, to attract new members (especially in the areas outside of the main town locations) and generate volunteers with a financial background.</p>		<p>The Council has an existing Service Level Agreement (SLA) with Medway Credit Union and the increased support provided from the Council will be reflected in an updated "Partnership Agreement".</p> <p>Council officers (including Communications) have provided the Credit Union with ongoing support to develop their business and many opportunities have been explored. However the Credit Union's priority is to increase its membership significantly to enable the organisation to grow and consider delivering a wider range of services. As a result of the intensive support over the last 9 months, the active membership is now over 500, their Board of Directors will increase from 4 to 8 (bringing in additional skills and experience such as an expert at identifying and tackling money laundering) and the Common Bond may be extended to Swale, which will increase membership significantly.</p>
15	<p>The Cabinet agreed that the Assistant Director Communications, Performance and Partnerships invite Kent Savers Credit Union Ltd and Medway Credit Union Ltd to work with officers within the Business Support department to publicise the contribution of the Credit Unions through the council's communication channels, including Medway Matters, and the Council's website. This is to explain what Credit Unions are, the benefits and risks of joining a Credit Union and how people could join.</p>	<p>Assistant Director Communications Performance and Partnerships</p>	<p>Action discharged</p> <p>The December 2012/January 2013 edition of the Medway Matters included within a guide to a safer, greener and more enjoyable Christmas, advice on the dangers of debt and signposted the Money Advice Trust and Medway Citizens Advice Bureau. A further article referred to the 2 Credit Unions operating within Medway as a safer alternative to payday loans or doorstep lending.</p> <p>The April/May 2013 issue of Medway Matters includes a half page feature providing information about where residents can get advice about debt issues. This page includes national and local organisations providing support plus information about Medway's two Credit Unions.</p> <p>Relevant web pages on the council's website were updated with additional information in January 2013.</p>
16	<p>The Cabinet agreed that a copy of the Fair Access to Credit report be submitted to Medway's Health and Wellbeing Board for consideration, in doing so the Cabinet recognised the</p>	<p>Democratic Services</p>	<p>Action discharged</p> <p>The Fair Access to Credit report was presented to the Shadow Health and Wellbeing Board on 23 October 2012.</p> <p>During the discussion the Director of Children and Adults referred to ongoing</p>

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	<p>concern and impact of debt on Medway residents' health and wellbeing, together with the need for co-ordinated advice and support services.</p>		<p>work around safeguarding adults to ensure that they were not exploited financially and commended the work of the Task Group in highlighting the importance of good advice and support for the public around the topic of debt.</p> <p>The view was expressed that the Board could fulfil a role in signposting the public to advice and information about debt as this had a great impact on mental and physical health.</p> <p>Subsequently to this meeting copies of posters for the two Credit Unions were shared with representatives on the Health and Wellbeing Board for displaying in GP surgeries and pharmacies in Medway</p> <p>It is also noted that the Health and Wellbeing Board recommended that debt be identified as a wider determinant within the Joint Health and Wellbeing Strategy. The Joint Health and Wellbeing strategy (http://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=18259&nobdr=2) acknowledges that Social determinants of health have been recognised to be key determinants of health inequalities and these include employment, low income and debt, housing and access to green spaces.</p>
17	<p>The Cabinet agreed that the Assistant Director Communications, Performance and Partnerships should ensure via all communication channels that there is a consistent message based upon early contact and intervention and support for good quality, independent debt and money advice.</p> <p>This should provide clear advice on the types of debt and the importance of addressing priority debts first. Consumers should be made aware of the difference between seeking free advice and turning to commercial debt management companies and</p>	Assistant Director Communications Performance and Partnerships	<p>Action discharged</p> <p>The December 2012/January 2013 edition of the Medway Matters included within a guide to a safer, greener and more enjoyable Christmas, advice on the dangers of debt and signposted the Money Advice Trust and Medway Citizens Advice Bureau. A further article referred to the 2 Credit Unions operating within Medway as a safer alternative to payday loans or doorstep lending.</p> <p>The April/May 2013 issue of Medway Matters includes a half page feature providing information about where residents can get advice about debt issues. This page includes national and local organisations providing support plus information about Medway's two Credit Unions.</p> <p>Relevant web pages on the council's website were updated with additional information in January 2013.</p>

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	signposted to organisations such as the local Citizens Advice Bureau, Consumer Credit Counselling Service, the Money Advice Service, the Money Advice Trust and National Debtline, which provide free financial health checks and advice and information for consumers before and after they take out credit.		
18	The Cabinet agreed that the Assistant Director Communications, Performance and Partnerships includes within The Headlines, the council's internal electronic newsletter, key information and contacts for staff to support residents in relation to the provision of free debt advice from organisations such as the Citizens Advice Bureau, Consumer Credit Counselling Service, the Money Advice Trust and National Debtline.	Assistant Director Communications Performance and Partnerships	Action discharged The February edition of The Headlines included an article entitled "Help our customers take control of debt". This article provided a list of organisations offering free, independent, confidential, debt and credit advice to help staff steer customers in the right direction. Information is also made available on the staff intranet site that can be accessed by staff using council PCs.
19	The Cabinet welcomed the free debt advice provided by organisations such as Medway Citizens Advice Bureau, the Consumer Credit Counselling Service and Money Advice Trust which provide a range of advice access points.	No further action required.	
20	The Cabinet agreed that the work and guidance issued by the Office of Fair Trading concerning debt management businesses be welcomed but that the	Commercial Services Manager	Action discharged The Commercial Services Manager has written to the Chief Executive of the Office of Fair Trading. This letter highlighted the work of the Task Group and specifically referred contents relating to commercial debt management

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	<p>Director of Regeneration, Community and Culture recommend to the Office of Fair Trading that further consideration be given to address continued concerns regarding fee-charging “debt management” businesses.</p>		<p>companies. The work and guidance currently issued by the OFT was welcomed but they were urged to give further consideration as to the concerns regarding fee charged ‘debt management’ businesses.</p> <p>The response highlighted that they had issued updated guidance for those carrying out debt management services. They provided assurance that their interest in this sector did not stop at the issuance of guidance. They continue to monitor this sector very closely in order to ensure compliance with the minimum standards set out in the guidance and will consider enforcement action in those cases where they are not adequately adhered to.</p> <p>See also response to 7</p>
21	<p>The Cabinet agreed that the Director of Regeneration, Community and Culture request that the Department for Business, Innovation and Skills introduce regulation, including transparent costings of service, in relation to statutory debt management plans in order to standardise and raise the quality of service provided by debt management companies.</p>	<p>Commercial Services Manager</p>	<p>Action discharged</p> <p>The letter to the Secretary of State for Business, Innovation and Skills (referred to under 10 above) also referenced the review by the Task Group of the debt remedies that were available and considered the use of debt management plans. The letter acknowledged that the Government was looking onto this topic and asked that the Government consider introducing regulation to make debt management plans statutory, including making the cost of such services transparent as, it was envisaged, this would raise the quality of service provided by debt management companies. It was hoped that the findings and recommendations of the Task Group would add to the national dialogue on this topic.</p> <p>A response from Jo Swinson MP, Minister for Employment Relations and Consumer Affairs was received and refers to statutory Individual Voluntary Arrangements and a debt management protocol launched in February 2013.</p> <p>See also response to 7</p>
22	<p>The Cabinet agreed that the Social Regeneration Manager seeks to introduce a session about debt issues into the new Project CYC that will run informal education vocational</p>	<p>Social Regeneration Manager</p>	<p>Officers are in discussion with the Youth Service regarding staging debt sessions which will be linked to the CYC project.</p> <p>The Youth Service does offer 'Money Skills' sessions to young people in negotiation with schools or groups of young people as part of a contracted</p>

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	development at outreach centres.		service (SLA) but this is not part of the CYC project.
23	The Cabinet agreed that the Director of Children and Adults, recognising the importance of all young people and children receiving education on personal finance and how to avoid unnecessary debt and the dangers of falling into a debt spiral, recommend to the Secretary of State for Education as part of the review of the National Curriculum that the financial education elements of PSHE should be made compulsory in primary and secondary education.	Director of Children and Adults	<p>Action discharged</p> <p>The Director of Children and Adults wrote to the Secretary of State for Education in October 2012.</p> <p>A response was received from the Public Communications Unit at the Department for Education and this is attached at Appendix C. As can be seen the response recognises the importance of helping schools and parents to support children and young people to develop an understanding of financial matters and to be able to manage their own personal finance.</p> <p>The letter advises that all young people should benefit from high-quality personal social health economic (PSHE) education, which includes financial capability. It also refers to the Department announcement, in the Schools White Paper "The Importance of Teaching", their intention to conduct an internal review of PSHE education, to determine how they can support schools to improve the quality of PSHE teaching, including giving teachers the flexibility to use their judgement about how best to deliver PSHE.</p> <p>The letter further advised that the precise remit for the internal PSHE review and the evidence of PSHE education was being considered.</p>
24	The Cabinet agreed that the Director of Children and Adults write to the senior leaders of all primary and secondary schools/academies (including special schools) in Medway highlighting the advantages of including financial literacy as part of their curriculum and identifying the importance of appointing a school champion to ensure the achievement of outcomes.	Director of Children and Adults	<p>Action discharged</p> <p>The Director of Children and Adults wrote to the Chair of Governors and Head Teachers of all primary and secondary schools/academies in Medway. This letter referred to the Task Group Report and highlighted the advantages of including financial literacy as part of their national curriculum.</p> <p>The letter also highlighted the role of the Local Authority in both supporting and encouraging all of Medway's schools to include financial literacy as part of their curriculum – referencing the actions highlighted in decision number 25 below.</p>
25	The Cabinet agreed that the Director of Children and Adults consider, in	Commercial Services	Action discharged

DECISIONS	ACTION BY	STATUS/COMMENT
<p>consultation with Medway's Trading Standards team, examples of good practice to explore how the Council can promote and assist in the development of financial literacy and mentoring in Medway's Sure Start Children's Centres, pre-schools, schools and Further/Higher Education institutions.</p>	<p>Manager Head of Schools Commissioning and Traded Services</p>	<p>The Commercial Services Manager and Head of Schools Commissioning and Traded Services met in November 2012 to discuss how the Council can promote and assist in the development of financial literacy and mentoring in Medway's Sure Start Children's Centres, pre-schools, schools and Further/Higher Education institutions.</p> <p>Following collaborative working between the 14-25 Project Manager staff from the Youth Service and a former financial literacy Manager from Royal Bank of Scotland, a programme was designed for delivery to young people around all aspects of financial literacy. Given the role of the 14-25 Manager, this work was aimed at those in the secondary sector.</p> <p>Consultation took place with Medway Youth Parliament (MYP) seeking their views on what work was being done in schools already, and what the MYP members felt would be important for young people to know. Following production of the programme materials, they were piloted by MYP, with delivery by the staff from the Youth Service. From this initial pilot improvements were made to the programme.</p> <p>After the initial pilot with the Youth Parliament, two improved projects were run to different groups of young people. One was run with a group of young people as part of the Duke of Edinburgh award and one with young people from in a youth centre.</p> <p>Working with 2 different audiences has allowed the project to be refined further, leading to a short 'snapshot' course of 3 hours, and a longer course over a number of sessions on a weekly/regular basis, which can also lead to accreditation.</p> <p>The staff from the Youth Service are now finalising the resources and supporting materials for the project with a view to delivery to schools/young people from September. The 14-25 Project Manager in the meantime will be writing to all Heads in Secondary settings offering the opportunity to take up the project from September 2014.</p> <p>A viable and sustainable model for delivery of the project is currently being considered, as no funding was available for delivery of the project. This has also hampered the marketing of the project in terms of branding/producing</p>

	DECISIONS	ACTION BY	STATUS/COMMENT
			<p>marketing materials.</p> <p>The 14-25 Project Manager is working with University of the Creative Arts to engage their students in producing marketing/branding materials for the project for the future.</p> <p>Planning is also taking place to have a short course style event within Medway for schools to train up staff, and/or deliver the course to young people in secondary and primary settings.</p>
26	<p>The Cabinet agreed that the Chief Finance Officer, in consultation with the Social Regeneration Manager, bring forward proposals for a programme of sessions, one package per ward, financed from the housing benefit reforms transitional funding or such other funding which may be identified by the Chief Finance Officer, to provide targeted support in 2012/13 to help meet the housing needs of claimants affected by Housing Benefit reforms and also signposting wider money advice and support.</p>	<p>Revenues and Benefits Contract Manager</p> <p>Social Regeneration Manager</p>	<p>Action discharged</p> <p>The Housing Benefit reforms will take effect from 1 April 2013 and in line with this officers are in the process of developing an outreach programme. Initial proposals are that this will include:</p> <p>Telephone advice</p> <p>An outreach facility in a central location in Chatham</p> <p>A programme of community workshops across wards.</p> <p>Officers in Economic Development and Social Regeneration will also work with colleagues within the Council's Welfare Reform Team, which has been established to assist Medway Council's tenants with the changes brought about by the welfare reforms. Information provided by the Welfare Reform Team has included information on the Council's website: http://www.medway.gov.uk/housing/welfarereform.aspx, a welfare benefit changes leaflet and a number of drop-in sessions at various locations within Medway throughout March.</p> <p>The Benefits Reform Advice Project (started 1st October 2013) is co-located with the Credit Union in the Pentagon Shopping Centre and provides a support and guidance service to Medway residents affected by Welfare Reform. This advice is provided face-to-face and over the phone and clients are also referred on from other Council Services. Outreach sessions have also been delivered at various community centres. To date, over 150 residents have been given advice and many have been signposted on to</p>

	DECISIONS	ACTION BY	STATUS/COMMENT
			more in-depth debt advice. The project will be extended until June 2014.
27	<p>The Cabinet agreed that the Chief Executive bring forward proposals to Cabinet, via Overview and Scrutiny, on a new Medway framework for the Social Fund that gives consideration to the following issues raised by the Task Group:</p> <ul style="list-style-type: none"> • the need to resource intensive and urgent face-to-face contact facilities, in particular for crisis loans; • the development of partnership arrangements with retailers for the provision of goods rather than cash; • providing assistance to residents returning to work whilst awaiting their first payday. 	Assistant Director, Adult Social Care	<p>Action discharged</p> <p>The Assistant Director for Adult Social Care has developed proposals for the new Medway Local Welfare Provision Scheme (replacing Social Fund), which is being brought forward through the council's procurement process. This framework will reflect the need for resource intensive and urgent face-to-face contact facilities.</p> <p>The development of partnership arrangements with retailers for the provision of goods rather than cash was provided for in the Council commissioned Local Welfare Provision service, provided in Medway by West Kent Extra - Cabinet approved the contract.</p> <p>Post-Social Fund, providing assistance to residents returning to work whilst awaiting their first payday was provided for by DWP</p>
28	<p>The Cabinet agreed that the Chief Finance Officer develop publicity highlighting the changes being introduced in relation to the new frameworks for Council Tax Support and the Social Fund, together with details of the Local Housing Allowance and the availability of short-term discretionary housing payments that is accessible to all communities.</p>	Revenues and Benefits Contract Manager	<p>Action discharged</p> <p>Letters have been sent in February 2013 to all claimants likely to be affected by under accommodation changes including where to obtain advice and the availability of discretionary housing payments.</p> <p>Letters to be sent to all claimants likely to be affected by changes to council tax support in advance of their annual council tax bills.</p> <p>Letter outlining all the welfare reforms to be included with council tax bills. This refers to the discretionary housing payments for those who receive housing benefit and the hardship fund for those claiming council tax reduction (formerly council tax benefit).</p>

DECISIONS		ACTION BY	STATUS/COMMENT
			<p>Officers are currently in discussion with communications regarding updating website.</p> <p>Officers are also working with Job Centre Plus, Private Sector Housing and registered providers to identify benefit capping cases to enable providers to offer appropriate support.</p>
29	<p>The Cabinet agreed that the Director of Regeneration, Community and Culture, with partners where appropriate, work to ensure via all communication channels that the key message is always accessing credit via a licensed lender and advising residents about lending codes and standards, for when they are considering credit.</p>	<p>Commercial Services Manager</p>	<p>Action ongoing</p> <p>This work is ongoing as Trading Standards' work focuses primarily on illegal money lending activities.</p> <p>The Trading Standards team liaises closely with the CAB and has made a referral concerning the undesirable behaviour of a local lender,</p> <p>The team has an educational remit of advising people to make prudent purchases, and appeared on the BBC in the new year about dealing with debt and the limited suitability of payday loans.</p> <p>In 2013 the service held a full week's engagement in all the high streets with staff from the national illegal money lending team speaking to people and advising where they can report loan sharks and can get debt help,</p> <p>The illegal money lending team will have held engagement events at the following locations, from 11am to 2pm and will have leafleted residents in advance:</p> <ul style="list-style-type: none"> • Tuesday 1st April: Strood Market • Wednesday 2nd April: Chatham Bus Station • Thursday 3rd April: Park Wood, Rainham • Friday 4th April: Gillingham High Street • Saturday 5th April: Gillingham FC football match

Please contact: Ian Gilmore
Trading Standards Team Leader

Your ref:

Our ref:

Date: 18th March 2013

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Dear Sirs,

RE: MEMORANDUM OF UNDERSTANDING

This local authority unreservedly welcomes the creation of a memorandum of understanding between the National Trading Standards Board and Financial Conduct Authority; and consider that the document is fundamental to the regulation of this market place.

Medway Council is very concerned over the continuing impact of the high cost credit sector and the adverse effect these financial products can have on local communities when not effectively managed.

Element 1.1(a) of the memorandum covers the issue of the suitability of credit providers, which will hopefully help better facilitate the regulation of this area of credit provision.

We would urge that this element is complemented with a firm commitment by all bodies to formally regularly liaise to ensure that the trade practices in the most critical areas of the financial sector are frequently mutually reviewed. This would enable the new regime to lead on the controls imposed upon this marketplace instead of the historically undesirable situation of belatedly reacting to emergent issues.

This service is committed to working to improving the regulation and control of the provision of financial services and would offer an support it can provide to assist the Financial Conduct Authority.

If you require any further information on this matter, or any other issue, please do not hesitate to contact me on 01634 331191.

Yours sincerely,

Ian Gilmore
Trading Standards Team Leader

**This information is available in other formats and
languages from Medway Council on 01634-333333.
If you wish to contact the Council through the Minicom (text)
facility please ring 01634 331300.**