

**BOOM CREDIT UNION – APPLICATION FOR FINANCIAL ASSISTANCE**

**Executive Summary**

Boom Credit Union was created on 29 September 2016, in a merger between SurreySave Credit Union and West Sussex Credit Union. The Credit Union has the joint aims of reducing financial exclusion amongst the residents of Surrey, Kingston and West Sussex by providing affordable loans to those who otherwise would be obliged to use high cost finance from payday and other high interest lenders, and by encouraging saving and helping members to control their personal finances.

The Credit Union has delivered affordable small loans to people on low incomes (termed Tier III loans by DWP for households with average income of less than £20k per annum) over the past eight years. One of the issues faced by Credit Unions is a lack of awareness as to their existence, and so in the past year the Union has undertaken a letter drop to 600 people in Sheerwater, and is engaging with the Council’s Community Development and Engagement Team. Advertising also takes place in the local press and Woking Magazine. The focus also moves between loans and savings depending on the level of savings available for borrowing.

The Group has applied for funding of £18,625 in the coming year, consisting of the costs of operating the Sheerwater Office in Devonshire Avenue. The Council has supported the Credit Union financially for a number of years through the Community Grants Scheme (£12,400pa for the past two years) and provides the Organisation with rent free accommodation in Dartmouth Avenue at a value of £12,000pa.

It is proposed that the application is supported but that the level of funding is maintained at the level awarded for the current year, in line with the approach taken with other applications for continued revenue support. Accordingly, a grant of £12,400 is recommended for the coming year for costs associated with services for the residents of the Borough of Woking, in addition to the in-kind support of office accommodation in Sheerwater. The funding is to be used towards the costs of the Sheerwater Office and promoting the service within the Borough.

**Recommendations**

The Executive is requested to:	<b>RESOLVE That</b> a grant of £12,400 is awarded to assist with the costs of the Sheerwater Office and the promotion of the service within the Borough.
Reason for Decision	To continue to support the service for the benefit of the residents of the Borough of Woking.
Legal Authority	S142 Local Government Act 1972
Conditions	<p><b>Accounts.</b> The Organisation must submit audited accounts for the year in which the grant is awarded, including an income and expenditure account and balance sheet. Please note that accounts for other years may also be required.</p> <p><b>Monitoring Information.</b> The Organisation must submit quarterly monitoring information as a measure of its achievements. Failure to provide details will jeopardise the award. E-mail requests will be sent</p>

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to the applicant on a quarterly basis.

**Publicity.** Where possible, the Organisation is required to publicise the support received from Woking Borough Council, including on all literature and leaflets produced.

**Payments.** Unless exceptional circumstances exist all invoices must be received quarterly with details of the costs incurred and monitoring information for the previous quarter.

**Payment Period.** Final quarter claims must be made by the second week in March. Unclaimed awards will not be available at a later date unless exceptional circumstances can be demonstrated to the Council before the end of the award year.

**Increasing Clients from Woking.** To increase the number of clients accessing the service from Woking, the Organisation should demonstrate in future grant applications that it is engaging with and following the advice provided by the Borough's Community Development and Engagement Team.

**Joint Working.** WBC expects the Organisation to engage positively on health and wellbeing multi-agency joint work affecting Woking. Groups which refuse may place their Council support at risk, e.g. grant, concessionary rent and other assistance.

**Homelessness Reduction Act 2017** – with the introduction of new legislation from April 2018, the council will expect the support of partner agencies in identifying people at risk of homelessness as early as possible to maximise the opportunities to prevent such. Partner agencies / organisations will be expected to be engaged in joint working arrangements to assist in finding suitable housing and support solutions, and where appropriate to undertake and respond to the new 'duty to refer'. Groups which do not support this new legislation and way of working positively, may put their Council support at risk.

**Venue Hire.** Woking Borough Council has a duty to ensure that publicly-owned venues and resources do not provide a platform for extremists and are not used to disseminate extremist views. This duty extends to organisations that work with the local authority so this includes recipients of any grants from Woking Borough Council. If you hire out your venue/s you should ensure you have good processes in place for record keeping and checking if they are an appropriate group to be making the hire arrangements. The following are some of what should be considered:

- Basic details should be recorded to include speakers address, mobile phone number & organisation details.
- Has the identity of the speaker been confirmed & is their organisation bona fide? Are they known to you?
- Is the speaker from the area? Are they UK citizens or from overseas & will they travel specifically for this event?
- Consider checks on the internet to confirm the status of speaker to include website, YouTube or social media sites.
- How many people are likely to attend (check previous or similar events either locally or online).

Performance Indicators

**Users.** The Organisation to provide a breakdown of the users in the past quarter.

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	<p><b>Enquiries.</b> The Organisation to provide a breakdown of the enquiries received during the last quarter.</p> <p><b>Publicity.</b> The Organisation to advise how the Council's support has been publicised over the last quarter.</p> <p><b>Statement of Use.</b> The Organisation to provide a statement stating the use to which the grant money has been put.</p>
Future Support	<p>The financial pressure on the Council's budgets is expected to continue in the coming years and accordingly the overall level of support available in future years may be reduced. The applicant is therefore to be advised that the award of funding for 2019/20 does not imply that a similar application in 2020/21 would be supported. In particular, it is emphasised that the Council is unlikely to be in a position to award any sums above the 2019/20 levels.</p> <p>In view of this, the applicant is to be advised to ensure that contingency plans for the Group's operations for 2020/21 have been drawn up in the event that the Council is unable to continue its support beyond April 2020. All applicants are strongly recommended to pursue alternative sources of funding and are encouraged to approach Woking Borough Council's Community Support Team for advice and support.</p>

**The Executive has authority to determine the above recommendations.**

### Background Papers:

2019/20 Application Form.

### Reporting Person:

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### Date Published:

4 December 2018

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<b>1.0 Summary of Application</b>	
1.1 Status and Aims	<p>Boom Credit Union was created in September 2016 in a merger between SurreySave Credit Union and West Sussex Credit Union. Boom Credit Union has the joint aims of enabling the residents of Surrey, Kingston and West Sussex to become financially included.</p> <p>The Organisation aims to provide affordable loans to those who otherwise would be obliged to use high cost finance from payday lenders and other high interest lenders. The Organisation also helps residents to save and provides cheaper loans so that residents can consolidate existing high interest debts. Additionally, it facilitates a current account for those who have difficulty obtaining a bank account.</p> <p>Credit Unions are locally based, locally funded and ethical institutions in which savers have a stake. It is a mutual cooperative bank, owned and controlled by its members (its customers). Credit Unions offer simple services with no hidden charges or penalties, relying on larger loans to subsidise the cost of smaller loss making loans.</p> <p>The Organisation has an Office at 49 Dartmouth Avenue, provided by Woking Borough Council.</p>
1.2 Employees	13, including the General Manager (35 hours), the Head of Business Growth (35 hours), the Head of Credit Control (35 hours), the Office Manager (35 hours), Business Growth Support (35 hours), the Loans Officer (35 hours), the Accountant (15 hours), the Assistant Loans Officer (35 hours), 2 x Assistant Credit Control (35 hours each) and 3 x Office Operations Officers (35, 35 and 25 hours).
1.3 Volunteers	1, whose activities include support with the loans process and other office based tasks.
1.4 Clients/Users	The members are ‘users’. They are customers for whom financial services are provided in the form of loans, savings and pre-paid debit cards.
1.5 Members	<p>7,393, comprising:</p> <p>3,044 male</p> <p>4,349 female</p> <p>165 resident in Woking</p> <p>49 aged 0-5</p> <p>103 aged 5-10</p> <p>259 aged 11-18</p> <p>6,085 aged 19-65</p> <p>897 aged 65+</p>
1.6 Sum Requested	£18,625 (Revenue)
1.7 Project	<p>The grant requested is to:</p> <ul style="list-style-type: none"> <li>○ fund the costs associated with the running of the Sheerwater</li> </ul>

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	<p>Office.</p> <ul style="list-style-type: none"> <li>○ undertake a programme of outreach and awareness raising in support of those that are financially excluded from high street financial services.</li> <li>○ reach out to current users of loan sharks and payday lenders and rent to buy shops.</li> <li>○ reach out to those on middle incomes who have overcommitted themselves and find themselves excluded from competitive high street lending rates.</li> </ul> <p>The Organisation plans to extend its reach into the more deprived areas of Woking Borough and maintain the presence on the Sheerwater Estate and continue to provide a focal point for a Surrey Credit Union.</p>
<p>1.8 Cost breakdown:</p>	<p>The funding breakdown is based on the following Sheerwater Office Costs:</p> <p>Heat/Lght - £2,512  Water - £192  Domestic waste - £694  Cleaning - £1,200  Office machinery - £1,000  Office stationery and stamps - £2,000  Telephone communications - £1,129  Public Liability insurance - £315  1 part-time staff member - £9,583</p> <p>Total - £18,625</p>
<p>1.9 Community Benefit</p>	<p>The Applicant has stated that Woking has 11% social housing, providing approximately 5,000 Council or social housing homes. Boom Credit Union has identified where the pockets of disadvantaged population with lower incomes live and the intention is to target these areas over the next 12 months with the assistance and involvement of New Vision Homes.</p> <p>Woking has a population of just under 100,000. 66% are aged 15 to 64 which is the main age group supported by the Credit Union. Past experience by Boom Credit Union has shown that there is further potential to provide ethical loans and a current bank account through providing an 'Engage' card, especially to those residents that find it difficult to get a bank account.</p> <p>It is expected that at least 300 people within the Borough will benefit from receiving receiving loans and having savings over the next three years. The Organisation would like to see an increase in loans and savings of at least 25% in Woking.</p> <p>The Credit Union lends responsibly, taking into account the full personal circumstances of each potential borrower.</p> <p>The Applicant has advised that without Woking Borough Council support it is unlikely that the activities of the Boom Credit Union Sheerwater office will be able to continue in the short term. The existence of a physical presence in Woking is advantageous especially for those residents who have low levels of PC literacy.</p>

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<b>2.0 Financial Background</b>	
2.1 Budget	<p>At the time of the application, the Group held £215,160 in the bank.</p> <p>The Group has submitted a budget for 2019/20 which shows an anticipated income of £1,082,986 against an anticipated expenditure of £904,620, resulting in an anticipated surplus of £178,366.</p> <p>Anticipated income includes interest on loans to members (£1,062,186), income from Woking Borough Council (£12,400) and miscellaneous income (£6,000). Anticipated expenditure includes salaries (£311,471), bad and doubtful debts (£433,906), rent and rates (£20,210) and interest on subordinated debt (£16,302).</p>
2.2 Accounts	<p>The Group has submitted audited accounts to September 2017 for its entire region of Surrey and West Sussex. Included is a Revenue Account which shows a deficit of £179,636 in 2017 (a surplus of £3,318 in 2016). The sum of £58,363 was carried forward at the end of the year. Regarding the deficit, it should be noted that the Group expects to make a surplus of a similar amount during 2019/20.</p> <p>Income included interest on loans to members (£381,539), grants (£74,700), bank interest received (£15,933) and other income (£11,895). Items of expenditure included wages and salaries (£277,461), bad and doubtful debts (£187,497) and advertising (£42,846).</p>
2.3 Support over the past five years	<p>2018/19 – £12,400                  2017/18 – £12,400                  2016/17 – £6,200                  2015/16 – £50,000 (deferred shares)</p>

<b>3.0 Assessment of Application</b>		
3.1 Key Information	<ul style="list-style-type: none"> <li>○ Constitution</li> <li>○ Registered Charity</li> <li>○ VAT Registered</li> <li>○ Equal Opportunities Policy</li> <li>○ Safeguarding Policy</li> <li>○ Reserves Policy</li> <li>○ Quality Mark</li> <li>○ Other funding sources pursued</li> <li>○ Other support by the Council</li> <li>○ Fundraising</li> <li>○ Two quotes</li> <li>○ Regular monitoring provided previously</li> </ul>	<p>No*</p> <p>No</p> <p>No</p> <p>Yes</p> <p>Yes</p> <p>No</p> <p>No</p> <p>No</p> <p>Yes**</p> <p>No</p> <p>N/A</p> <p>Yes</p>
<p>*The Credit Union does not operate a</p>		

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	<p>Constitution. However its rules and regulations have been submitted alongside the grant application. All credit unions are constituted by law according to the 1981 Credit Union Act of Parliament and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, to which all Credit Unions submit quarterly returns.</p> <p>** Since September 2011, the Council has provided the Organisation with an Office in Sheerwater together with discretionary rate relief. The value of the rent support is £12,000 per year.</p>	
<p>3.2 Consultee Comments</p>	<p><u>Sylvie Marshall, Community Development Manager</u></p> <p>The Council has supported the Credit Union on a financial basis for a number of years. In addition the Council has provided accommodation within the Borough free of both rent and rate charges. The majority of clients contact Boom Credit Union through digital means, however a physical presence will be beneficial for those who do not have the means to access the service this way. Boom Credit Union is an ethical bank which lends responsibly, working closely with individuals and taking each application on its own merit depending upon the individual's circumstances.</p> <p>The organisation is looking to increase the loans and savings of people living in Woking by 25% over the next three years; currently there are 165 Woking residents utilising Boom Credit Union.</p> <p>Therefore I would recommend that the application is supported at the same level as the current year, accommodation free of rent and rates and a financial grant of £12,400.</p> <p>An additional condition is to be included as part of the funding. To increase the number of clients accessing the service from Woking, the Organisation should demonstrate in future grant applications that it is engaging with and following the advice provided by the Borough's Community Development and Engagement Team.</p>	
<p>3.3 Assessment</p>	<p>Boom Credit Union, formerly the SurreySave Credit Union, has applied for funding of £18,625 in the coming year to cover the costs of the Sheerwater Office in Devonshire Avenue as set out in Section 1.8.</p> <p>The Applicant has advised that the Credit Union is continuously looking to the future, by re-inventing itself and looking at long term solutions to ultimately achieve long term sustainability. The Strategy to achieve this will be:</p> <ol style="list-style-type: none"> <li>1. Driving Business Growth</li> <li>2. Demonstrating Operational Excellence</li> <li>3. Delivering Superior Customer Care and engendering customer loyalty</li> <li>4. Maximising employee satisfaction / performance</li> </ol> <p>The Credit Union intends to be in a position over the next three years where it does not rely on grant funding from any source. The Organisation intends to generate enough income from interest on</p>	

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loans to become self sufficient. The more the Organisation grows, the more it can market itself, enabling it to reach more people that need assistance.

The Council has supported the Credit Union financially for a number of years through the Grants scheme, having awarded £12,400pa in recent years. The Council has also provided the Organisation with rent free accommodation in Dartmouth Avenue at a value of £12,000pa. The Sheerwater office supports people beyond the Borough of Woking though whilst the office acts as a base in Surrey, the Organisation sees a small footfall, with most people applying online or over the phone. Three members of staff work from the office; one member performs tasks of a banking and finance nature whilst the others are employed to grow the business, attracting new customers for savings, loans and the pre-paid card from across the Organisation's common bond area of Surrey, Kingston and West Sussex. Boom Credit Union has a further office/shop in Worthing Town Centre, established some 8 years ago.

The applicant has advised that since January 2018 there has been 27 new members, with a new savings value of £7,869 and a new loans value of £27,706. One of the issues faced by the Credit Union is a lack of awareness of its existence and so promotional activity in the past quarter has included:

- Continued partnership with Halifax and Lloyds Woking & Knaphill to help Woking residents with cheaper loans than alternative high interest lenders, once they have been turned down by their bank.
- Continue to maintain SAYE transactions for WBC employees
- Leaflets placed in other areas of Town Centre, such as Library, Costas coffee shop, community furniture shop.
- Continuing of signposting with organisations such as CAB.
- On- going work to attract corporate savings from C of E Churches in the Guildford Diocese, including articles in church magazines to attract individual savers.
- Door drop in Woking area delivery of 600 letters.
- Monetary incentive for savings in collaboration with stop loan sharks offered to Woking residents / workers, through Woking BC and Surrey CC.
- Social media exposure.
- Meeting arranged with MP for Woking.

It is proposed that the application is supported but that the level of funding is maintained at the level awarded for the current year, in line with the approach taken with other applications for continued revenue support. Accordingly, a grant of £12,400 is recommended.

REPORT ENDS