

NORTH LANARKSHIRE COUNCIL

REPORT

To: Policy and Resources (Community Development) Sub Committee	Subject: Support to North Lanarkshire Credit Unions 1997/98
From: Chief Executive	
Date: 24 February 1998	Ref: CE012/009/095

**1.0 Introduction**

- 1.1 At its meeting on 20 August 1997 the Council's Policy and Resources (Community Development) Sub Committee considered a report by the Chief Executive which recommended *inter alia* that the Council conduct a review of credit union activity within North Lanarkshire and also investigate how the Council may most effectively support credit union development.
- 1.2 The Chief Executive's Department, in partnership with other appropriate Council departments, Strathclyde Credit Union Development Agency and local credit unions, is currently compiling this support and development strategy and it is anticipated that a full report will be submitted to the Policy and Resources (Community Development) Sub Committee at its meeting on 22 April 1998.
- 1.3 At this stage in the development of the strategy however, it has become apparent that there is a requirement to publicise credit unions more effectively within the local communities served and there would also be measurable benefits in assisting those credit unions which continue to operate a manual book-keeping system to computerise their accounts. This report therefore sets out a mechanism to achieve these aims and seeks Sub Committee approval to award funding for these purposes.

**2.0 Background**

- 2.1 There are presently 15 community based credit unions in North Lanarkshire with proposals to develop a further community credit union in the Cumbernauld Central area. The longest established credit union is Mosshill Credit Union Limited covering the Bellshill and Mossend areas and operational since 1971. Wishaw Credit Union Limited is the newest credit union and opened for business in September 1997. Newarthill Credit Union Limited is the largest in North Lanarkshire with total assets of £1.6m and an active membership of 3,000 members.
- 2.2 Of the 15 credit unions in North Lanarkshire 9 are currently using a computerised accounts system and it is understood that the remaining 6 credit unions would be keen to computerise their financial procedures. Indeed, Coatbridge Area Committee is presently considering a joint Interim Community Grants Scheme application from the credit unions in Coatbridge for computerisation.

**3.0 Proposal**

- 3.1 It is suggested that as an initial step in the development of its credit union strategy the Council considers allocating a budget of £21,000 from the Payments to Agencies and Other Bodies budget to assist and promote credit union development in North Lanarkshire.

### 3.2 *Computerisation*

It is suggested that the sum of £19,000 is identified to assist those credit unions currently using a manual book-keeping system to computerise their accounts. By computerising the financial record keeping procedures credit unions offer an improved service to members since loan repayments and interest rates payable are calculated immediately. In addition, members are able to receive a detailed statement which shows all account transactions over the previous financial year. From the credit union's perspective, operating a computerised accounts system obviously releases volunteer time to concentrate upon development and membership promotion. In economic terms, credit control procedures are tightened and the audit fees incurred by the credit union are generally reduced since information is provided in a computerised format.

3.3 There are presently some 5 credit union software packages available and the individual purchase costs of the most commonly used systems in North Lanarkshire, inclusive of introductory training, range from £1,000 to £1,200 (excluding VAT).

3.4 Those credit unions in North Lanarkshire which presently operate a computerised accounts system all use one particular package and there is obviously some merit in recommending that the remaining credit unions also purchase this package. This would enable training events to be organised across the Council's area and would also provide an opportunity for credit unions to share information and assist one another. It should be remembered however that credit unions are autonomous organisations and individual Board of Directors may prefer a particular software package for their own particular requirements.

3.5 The estimated budget required to provide computer assistance is as detailed:-

6 personal computers and printers @ £1,500	9,000
6 credit union account software packages @ £1,175 (including VAT)	7,050
Computer training seminars for credit unions volunteers including advanced seminars for those credit unions currently using a computerised system	3,000
<b>Sub Total</b>	<b><u>19,050</u></b>

### 3.6 *Publicity*

In order to raise the profile of credit unions within North Lanarkshire and to assist credit unions with membership promotion it is suggested that the Council assist credit unions to produce corporate posters and leaflets. A standard poster and leaflet, produced with a blank space in which individual credit unions could list their own opening times and collection point venues, could be produced relatively inexpensively due to economies of scale. A supply of leaflets would also be retained by the Council to be made available to any new credit unions as these are developed.

3.7 The estimated budget required to produce publicity materials is £2,000.

#### **4.0 Strathclyde Credit Union Development Agency**

- 4.1 Strathclyde Credit Union Development Agency (SCUDA) is the leading credit union training agency within the west of Scotland and has a proven track record in credit union development spanning the past 11 years. The Agency itself is a voluntary organisation managed by a Board of Directors drawn from the credit union movement and other interested agencies.
- 4.2 North Lanarkshire Council is one of six local authorities in the west of Scotland providing core funding to SCUDA and accordingly SCUDA is working in close partnership with the Council in the development of the North Lanarkshire Credit Union Development Strategy. In addition, SCUDA is presently providing weekly training to those volunteers in Cumbernauld Central Study Group and regular monitoring and support is provided to a number of newly established North Lanarkshire credit unions.
- 4.3 It is recognised that SCUDA has considerable experience and expertise in all aspects of credit union development and the Agency will be able to provide both advice and assistance to the Council in terms of the most suitable credit union software packages and the production of publicity materials. Accordingly it is recommended that the budget of £21,000 be allocated to SCUDA who would then assume responsibility on behalf of the Council for progressing the computerisation and publicity strategies detailed in this report.

#### **5.0 Recommendation**

- 5.1 The Policy and Resources (Community Development) Sub Committee is requested to:-
- a) note the progress to date in the development of a North Lanarkshire Council Credit Union Support and Development Strategy and the intention to submit a full report to Sub Committee at its meeting in April; and,
  - b) agree to allocate the sum of £21,000 to SCUDA from the Chief Executive's Department Payments to Agencies and Other Bodies budget for the purposes of progressing the credit union computerisation and publicity strategy as detailed in this report.

*PP Sandie Medley*

**Chief Executive**