

Agenda Item	Item Name + Ward Impacted	Summary of item	Questions from Cllrs + Potential Key Lines of Enquiry	Response
7.1	<b>Credit Union Grant Proposal</b> <b>26.11.2020</b> <b>All Wards</b>	<p>LCCU exists to <b><i>Improve financial resilience and reduce poverty within our community</i></b> by encouraging people to save, giving access to safe and affordable credit as well as providing banking solutions to those excluded by traditional banks. Due to the impacts of the pandemic, it is likely that more residents will need a method of accessing affordable finance. In order to continue to make loans, the Credit Union needs a grant to increase the amount of money it holds in reserves.</p>	<ul style="list-style-type: none"> <li>• “LCCU Annual Report 2018-19” highlights on page 10 that credit union mistakenly paid £85k into wrong account and money was illegally retained. Is there any information on how much money was reclaimed back (not evidenced in Annual Report 2018-19)?</li> <li>• What assurances can be given by LCCU to ensure that the appropriate control measures are in place for the above not to happen again?</li> <li>• What assurances are in place from LCCU to ensure that £100k grant translates in more support for TH residents? Do we know how much grant funding Hackney and Newham are providing?</li> </ul>	<ul style="list-style-type: none"> <li>• £11k was reclaimed from Santander. All possible steps were taken to recover members’ money including: <ol style="list-style-type: none"> <li>1. Criminal inquiry – Met Police have charged one member of the public who is due to go on trial in 2021.</li> <li>2. Santander – the bank facilitated a small recovery (above) but, following considerable delays, rejected LCCU’s complaint.</li> <li>3. Business Banking Resolution Service – initial feedback is that LCCU is ineligible to lodge a complaint due to its size. However the newly-established BBRS is in a pilot phase and suggested LCCU complete a <i>Registration of</i></li> </ol> </li> </ul>

				<p><i>Interest</i>, which has been carried out. They are outside the scope of the FOS for SMEs.</p> <p>4. Insurance – LCCU’s claim was rejected because staff sent the payment outside the credit union in error rather than with criminal intent.</p> <p>5. Litigation – LCCU obtained legal advice that there was no case to pursue Santander owing to the lack of “clear legal duties” owed to the credit union.</p> <ul style="list-style-type: none"><li>• Reports into the loss were carried out for the CEO and board by the following: finance manager; HR manager; and the internal auditor.</li></ul> <p>2. The staff involved in the original error were subject to</p>
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				<p>management review and training. Staff who approve FPS (Faster Payments Service) transactions also received training.</p> <p>3. The process of FPS approvals has been reviewed and amended to reduce risk in high value transactions. All relevant staff received guidance before signing a declaration to confirm understanding of FPS controls</p> <ul style="list-style-type: none"><li>• Around 3,500 active adult members (more than 33 per cent) live in LBTH. Since opening its doors in December 2000 LCCU has supported nearly 18,000 people in the borough and provided over £21m in loans.</li></ul> <p>2. Of those members living in Tower Hamlets:</p>
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				<ul style="list-style-type: none"><li>· 74 per cent are from postcodes where average income is less than £17k</li><li>· 63.5% female, 35.7% male.</li><li>· 39% parents with dependent children.</li><li>· 63% from BAME backgrounds.</li></ul> <p>3. Two of four branches are in Tower Hamlets. Tower Hamlets residents are strongly represented among the membership base, staff and board.</p> <p>4. Ideally the credit union is looking for a general revenue grant to help support it through this challenging period of subdued income. If this is not possible, LCCU would like to discuss an equivalent level of financial support to support the</p>
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				<p>automation of processes. The objective of such support would be to ensure quicker and better decision-making in order to win customers and deter them from taking credit from alternative providers. This would be achieved through investment in:</p> <p><b>Increasing access to affordable finance</b> – A core risk for LBTH residents (and the council) is that the recession prompts an increase in reliance on predatory payday lenders. LCCU recognises the risk posed by exploitative credit providers and is determined to widen access to affordable loans through:</p> <p>§ a membership drive focussed on the postcodes in which there is the greatest need.</p>
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				<p>§ increasing access to its products and services among its existing membership base.</p> <p>Central to this plan is the following: a) the launch of Join &amp; Borrow forms in February 2020; b) a 100pc increase in the advertising budget for 2020/21 in order to boost awareness; and c) work with community groups on talks, distribution of literature and referrals. The early indicators are strong with the number of monthly loan applications as follows:</p> <ul style="list-style-type: none"><li>September 2020: 698, a rise of 55 per cent vs September 2019.</li><li>October 2020: 814, a rise of 66 per cent increase vs October 2019.</li></ul> <p>If a Tower Hamlets investment in LCCU growth helped trigger an increase in loans advanced of £500k</p>
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				<p>then this could mean 624 more customers taking an average loan of £800 (repaid over 12 months). Each of the 624 customers would pay £533 less in interest costs at LCCU than if they had gone to Provident, therefore generating a £332k saving for the borough (number of new loans multiplied by interest saving for residents).</p> <p>The interest they earn is reinvested in LCCU to further build capacity to issue more loans.</p> <p><b>Speed and simplicity of member joining</b> – An investment of around £25k in remote joining would allow LCCU to better compete with high-cost online lenders whose pitch is speed of service. Any resident who wishes to join the credit union is currently required to visit a branch once in order to present ID and set up a regular savings payment. Once they have joined, however, they can apply for</p>
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				<p>a loan and draw down the funds from their own home. The case for investing in remote joining is even stronger amid the pandemic.</p> <ul style="list-style-type: none"> <li>· Hackney provides an annual grant of £40k, as well as additional non-cash support, which was agreed several years ago and helps underpin a branch presence. It is subject to periodic review.</li> <li>· Newham does not provide a grant to LCCU but the credit union has opened discussions with the borough about ways in which the two organisations can collaborate more closely.</li> </ul>
7.2	<b>Local Community Fund (LCF) Performance and Annual Report</b>	The Mayor in Cabinet agreed on 31st July 2019 to a programme of funding for voluntary and community sector (VCS) organisations from 1st October 2019. A total	<ul style="list-style-type: none"> <li>• Has there been any in year savings made from offsetting the physical delivery to virtual delivery (Covid-19) by</li> </ul>	As part of the support given by the Council to funded organisations due to the impact of Covid-19 it was

	<p><b>Update Oct 19 – Sep 20</b></p> <p><b>All Wards</b></p>	<p>of 50 projects were awarded funding totalling £9.31m up to 31 March 2023 to deliver activity across five themes - Inclusion Health and Wellbeing, Digital Inclusion and Awareness, Information Advice and Guidance, Employment and Skills, Community Safety. The first year of the programme included the Covid-19 pandemic and organisations worked to support residents through this period. Projects have been RAG rated Green for performance with this rating taking account of these circumstances with all projects working towards achieving their outcome targets.</p>	<p>projects? Has there been any underspends which is not in the Annual report for 2019-20?</p> <ul style="list-style-type: none"> <li>• What impact would there be on Age UK service users (residents) if funding is withheld until lease has been signed? Can they still deliver remotely? Has the project undertaken a risk analysis (low/medium/high) if funding is withheld?</li> <li>• How will you measure performance (benchmark year to year) if PI's change/or get adapted from a cost/benefit point of view?</li> </ul>	<p>agreed to continue to pay scheduled payments from April 2020 and that any underspends on project activity could be carried forward. Officers are supporting groups with their budget planning considering plans to do extra activity or deliver adapted services.</p> <p>At this stage there are no significant variations that result in reduction in funding.</p> <p>Funding would not be withheld lightly from projects. Age UK have had a waiver approved by GDSC to enable payments to continue from November 2019 despite not having a lease in place.</p> <p>It is being flagged now that this is a possibility so officers can work with the organisation to ensure the implications are understood and to inform future decision making.</p>
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7.3	<p><b>VCS Funding Awarded Under Delegated Authority 26.11.2020</b></p> <p><b>All Wards</b></p>	This report provides an update on funding awarded to voluntary and community sector organisations under delegated authority since the last meeting of the Sub-Committee.	<ul style="list-style-type: none"> <li>• Small Grants Programme Access and Participation Theme (Appendix A) indicates IoD Bangladeshi Association applied for £5K to deliver its original project objectives.</li> <li>• Has the £5K funding been solely used (as indicated Appendix B)? Is there any underspend as a result of Covid-19 impact and reduced services?</li> </ul>	Our commitment in line with the London Funders Pledge which the Mayor has signed up to on behalf of the council is to continue to fund organisations provided they are able to deliver, albeit in an adapted way. This organisation has indicated they are still able to deliver their services e.g. over the phone rather than face to face whilst meeting the required outcomes of their project. Any elements not being delivered due to covid restrictions will be paused until restrictions have been lifted and it's safe to deliver their original plans.