

**REPORT TO: NEIGHBOURHOOD RESOURCES AND DEVELOPMENT COMMITTEE,
12 NOVEMBER 2001**

REPORT ON: STRATEGY FOR CREDIT UNION DEVELOPMENT IN DUNDEE

REPORT BY: DIRECTOR OF NEIGHBOURHOOD RESOURCES AND DEVELOPMENT

REPORT NO: 718-2001

1.0 PURPOSE OF REPORT

- 1.1 Following Committee Report Nos 329/2000 and 571/2000, this report provides a progress update and sets out the vision for establishing the Dundee City-Wide Credit Union and outlines the strategy for realising the vision.

2.0 RECOMMENDATIONS

It is recommended that the Council

- 2.1 Supports the strategy for developing the Dundee City Credit Union
- 2.2 Continues to resource credit union development in Dundee at its current level.
- 2.3 Supports the strategy for targeting external funding to meet start-up/development costs over an initial 3 year period.
- 2.4 Consults Neighbourhood Resources and Development Department staff, local management committees and Trade Unions about establishing a network of local collection points in local neighbourhood centres and libraries across the City of Dundee.

3.0 FINANCIAL IMPLICATIONS

- 3.1 Dundee City Council expenditure related to the recommendations are to be contained within the 2001/2002 revenue budget.
- 3.2 A strategy has been prepared targeting external sources of funding to meet start-up/development costs for an initial three year period.

4.0 LOCAL AGENDA 21 IMPLICATIONS

- 4.1 The recommendations contained in this report will contribute to achieving the Council's vision of self-sustaining, secure and healthy communities.

5.0 EQUAL OPPORTUNITIES IMPLICATIONS

- 5.1 Credit Union development will make a significant contribution to equalling opportunities and addressing factors which contribute to social and economic exclusion.

6.0 BACKGROUND

- 6.1 Following Committee Reports 329/2000 and 571/2000, the Dundee City Credit Union Steering Group has worked with community based credit unions, Tayside Credit Union and the Association of British Credit Unions and others to:

- produce a vision for the development of a City-Wide Credit Union in Dundee
- conduct a feasibility study on the development of a Dundee City Credit Union
- prepare a business plan with 3 year financial projections for income and expenditure
- develop a funding strategy for targeting external sources of funding
- produce a project management timetable which aims to establish Dundee City Credit Union by August 2002.

7.0 VISION

- 7.1 The Dundee City Credit Union seeks to provide the highest quality financial services and support, and to be responsive to the ever-changing financial needs of its members.

The Credit Union aims to:

- build on the continuing success of the City's existing credit unions by increasing access to these services for people who live or work in Dundee
- provide financial services to its members that are simple, transparent, flexible and low cost, which enable members to enjoy a better standard of living
- offer member generated and controlled financial services for the benefits of members and their families.

8.0 FEASIBILITY STUDY

- 8.1 The feasibility study identified:

- a significant 'expression of interest' in the possibility of constructing a sustainable Dundee City Credit Union with a 'live or work' common bond
- considerable support within sections of the community, employers and other organisations which could be turned into a solid base upon which to build the credit union
- a useful amount of experience, expertise and enthusiasm within existing credit unions
- a considerable number of people interested in becoming volunteers
- a high level of cross-party political support both locally and nationally.

9.0 STRATEGY FOR DEVELOPING THE DUNDEE CITY CREDIT UNION

9.1 Strategic Principles

The strategy for developing a City-Wide Credit Union based on the following principles

- operating a professional financial service
- re-defining common bonds to create larger markets
- having paid staff to carry out day to day activities
- redefining the role of volunteers in terms of policy direction
- operating from high profile city-centre premises, linked to a network of local collection points
- amalgamation with other credit unions
- credit union development in schools
- providing a wider range of financial products
- securing employer payroll deduction facilities
- segmenting the market to recruit moderate, middle and high income members.

9.2 Premises

Operating credit unions from high-profile city-centre premises is recognised nationally as a critical success factor for credit union development strategies.

Securing ground-level, shop-front premises in or around the High Street or City Square is the aspiration of the Dundee City Credit Union Steering Group..

The option of sharing accommodation has been raised with Tayside Credit Union.

The project also aims to establish a network of local collection points to promote friendly, welcoming and confidential financial services in easily identifiable neighbourhood settings with regular opening hours, to provide maximum access for people who live or work in Dundee.

Local Neighbourhood Centre management committees are currently required to make provision for credit union services/facilities through Service Level Agreements.

9.3 **Staff**

The recruitment of paid staff will also be critical to the successful development of the Dundee City Credit Union. Evidence suggests a successful credit union with a large number of members will create jobs.

It is anticipated that Neighbourhood Resources and Development staff will administer local collection points as a duty appropriate to the level of responsibilities contained in their job descriptions.

9.4 **Funding**

Additional funding is required to meet the start-up costs for an initial three year development phase, by the end of which, the Credit Union will have achieved financial independence and long term sustainability.

The SIPs programme has been used to access funding to conduct the feasibility study. An application has been made for Kickstart Funding through the Scottish Credit Union Partnership, which if successful, will contribute additional resources to the development of the city-wide credit union development strategy until the end of the current financial year.

Tayside Credit Union Forum are currently preparing a major Community Fund bid to the Lotteries Commission to promote and develop credit unions in Dundee over the next three years.

There may be an opportunity to address funding gaps by applying for European monies and/or accessing additional resources through the Scottish Credit Union Partnership.

9.5 **Links with other Credit Unions**

Representatives from Dundee's community-based credit unions fully support the city-wide credit union development strategy and have indicated a willingness to 'join forces' around the summer/autumn of 2002.

Tayside Credit Union has an unusual common bond, which is open to employees of the various local authorities which made up the former Tayside Regional Council, Whilst merging with Tayside Credit Union may not be an option in the short to medium term, this option might be worthy of further exploration in the future. In the meantime, the following partnership opportunities are being considered with Tayside Credit Union and others:

- Accommodation sharing
- Information technology
- Staff support
- Credit Union promotion and development
- Joint training
- Information/skills exchange
- Mutual support/co-operation

9.6 **Project Management Timetable**

A project management timetable outlining the key stages and the timetable for future development is detailed in Appendix One.

10.0 PRIVATE, COMMUNITY AND VOLUNTARY SECTOR INVOLVEMENT

10.1 The following private sector, community and voluntary organisations have been involved in developing the strategy for a city-wide credit union:

Finmill Credit Union
Dundee West Credit Union
Charleston Credit Union
Tayside Credit Union
Dundee Anti-Poverty Forum
Dundee North Law Centre
Dundee Rep
The Royal Bank of Scotland
Association of British Credit Unions Ltd
Scottish Credit Union Partnership
Enterprise Advice Project

11.0 CONSULTATION

11.1 The Chief Executive and Directors of Finance, Support Services and Economic Development have been consulted in the preparation of this support.

12.0 BACKGROUND PAPERS

12.1 No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.

Director of Neighbourhood Resources and Development _____

Date _____

31 October 2001

**DUNDEE CITY-WIDE CREDIT UNION
DRAFT PROJECT MANAGEMENT TIMETABLE**

Action	2001								2002												2003			
	Ma y	June	July	Aug	Sept	Oct	No v	Dec	Jan	Feb	Mar	Apr	Ma y	June	July	Aug	Sept	Oct	No v	Dec	Jan	Feb	Mar	Apr
Update Business Plan																								
Undertake Feasibility Study																								
Agree Collection Point Specification																								
Steering Group Formation																								
Develop Operational Procedures																								
Secure External Funding																								
Identify Sponsors																								
Steering Group Training																								
Policy Development																								
Credit Union Development in Schools																								
Appoint Board of Directors																								
Establish Credit Union Committees																								
Secure Premises/Collection Points																								
Credit Union Registration																								
Affiliation of Local Credit Unions																								
Employ Staff																								
Open for Business																								
Member/Volunteer Recruitment																								