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<b>Report To:</b>	<b>Education and Communities</b>	<b>Date:</b>	<b>08 March 2016</b>
<b>Report By:</b>	<b>Corporate Director Education, Communities &amp; Organisational Development</b>	<b>Report No:</b>	<b>EDUCOM/23/16/RB</b>
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<b>Subject:</b>	<b>The Implementation of Credit Unions for all S1 pupils</b>		

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## 1.0 PURPOSE

- 1.1 The purpose of this report is to inform the Education & Communities Committee about the introduction of a Credit Union Account for all Pupils in S1 from 2016/2017.

## 2.0 SUMMARY

- 2.1 As part of our on-going anti-poverty measures we are committed to encouraging a savings mentality and to promoting a positive attitude towards money management and an understanding of the dangers of high cost lending. Credit unions are ideally placed to offer a facility for savings and loans, and also provide financial literacy to enable positive financial choices to be made. Credit Unions are an ethical 'not for profit' organisation, committed to community banking.
- 2.2 Inverclyde has two Credit Unions: Port Glasgow Credit Union and Tail O' the Bank. Tail O' the Bank Credit Union is keen to work alongside the Council to introduce a Credit Union Account for Pupils in Inverclyde.
- 2.3 In line with practice in other authorities, the proposal is to open a Credit Union Account for every child in S1 starting in August 2016 and run this initiative as a pilot for 2 years. We also propose to facilitate opportunities for pupils to run their own Credit Union banks within a test school. This school will be St. Stephen's High School. It would be anticipated that a roll-out to all secondary schools would take place at a later date. This would develop financial awareness as well as employability/business skills. This work could also lead to accreditation for senior phase pupils.
- 2.4 This project will involve an on-going financial commitment of £19,000 per year. This is to cover the costs of a £10 initial deposit for all 1<sup>st</sup> year pupils, on a recurring basis and also fund a part time post for Tail O' the Bank Credit Union to provide support to schools to administer the project. The average number of 1<sup>st</sup> year pupils each year is 800.
- 2.5 This proposal has been submitted to, and discussed favourably, at the Members Budget Working Group. In addition, the proposal was included in the Welfare Reforms Update Report presented at the meeting of the Policy & Resources Committee in January 2016.

## 3.0 RECOMMENDATION

- 3.1 That Members note the implementation of Credit Union Accounts for every S1 pupil and the associated ongoing spend proposals for this.

- 3.2 That Members note the financial support for a test school to set up its own Credit Union bank and to provide ongoing support to the project.

**Wilma Bain**  
**Corporate Director**  
**Education, Communities & Organisational Development**

## **4.0 BACKGROUND**

- 4.1 Child and family poverty is a growing national problem. More than 1 in 5 children (220,000) in Scotland are officially recognised as living in poverty.
- 4.2 In Inverclyde, levels of child poverty are even higher. Latest figures published by End Child Poverty show that more than 1 in 4 children in Inverclyde are living in poverty. The ward with the highest percentage of children living in poverty is Inverclyde East Central (29.3%) whilst the ward with the lowest percentage is Inverclyde West (15.47%).
- 4.3 Poverty is a complex issue, it affects and is affected by, a huge range of public policy issues and in order to tackle poverty effectively there needs to be an understanding that it is a cross cutting issue which requires to have action at a number of levels both nationally and locally.
- 4.4 Inverclyde Council and the Inverclyde Alliance have a number of approaches in place which are working to tackle poverty across Inverclyde. Much of this work in relation to child poverty is taken forward by the Financial Inclusion Partnership, but other initiatives such as the attainment challenge, the Nurturing Inverclyde Collaborative, the Best Start in Life Outcome Delivery Group, the developing family support model in Broomhill, the Sticky Labels campaign and the new approach being developed for the Community Planning Partnership in regard to tackling inequalities will all have an impact on Child Poverty.
- 4.5 Inverclyde's Financial Inclusion Strategy plays a crucial role in bringing together a number of partners including statutory; public and 3<sup>rd</sup> sector who work together to meet the strategy's overarching outcomes:
  - Local people have access to relevant, local services that support income maximisation and debt provision
  - Local residents have access to resources and organisations to alleviate household poverty
  - The financial capability and capacity of local people is increased
  - The Financial Inclusion Partnership is committed to respond to the impact of welfare reform
- 4.6 The Council and its community planning partners are keen to ensure that young people develop the necessary skills early to manage their money as the importance of learning about financial capability at an early age cannot be understated. Money and attitudes towards finance affect every part of people's lives – quality of life, health and well-being, relationships and career opportunities.
- 4.7 Credit Unions are ideally placed to offer a facility of savings and loans for people working or living within a particular area or community by creating a pot of money which is used to provide low interest loans to members and also provide financial literacy to enable positive financial choices to be made. The UK government introduced Trust Accounts for all S1 pupils several years ago. This has now stopped and pupils who have these funds can only access the money when they are 18.
- 4.8 Inverclyde has two well established Credit Unions. These are Port Glasgow Credit Union and Tail O' the Bank. Recently, the Tail O' the Bank has become more readily involved in the local community by becoming a partner of the Financial Inclusion Partnership and is now committed to achieving the aims of the partnership. Pupils will need to visit the Credit Union Premises to withdraw money. Consideration was given to setting up accounts through the larger Scot West Credit Union but they only operate on-line accounts which would not allow for pupils to set up their own bank and may not allow access for all. It is therefore preferable to have a Credit Union that is based locally and already established in Inverclyde.

## **5.0 PROPOSED IMPLEMENTATION PROCESS**

- 5.1 The key objectives of the scheme:
  - To open a credit union savings account for all S1 pupils in Inverclyde, increasing overall community credit union membership

- To promote and raise awareness of the benefits of credit union membership among school children, parents and staff
- By providing S1 pupils with a credit union savings account, it is envisaged that they establish a regular pattern of saving, adopt a positive attitude toward financial management and understand the benefits of opting for low cost, ethical alternatives to high-cost lending in adult life
- To increase awareness among secondary school-children of the contribution that credit unions can make to the relief of poverty, and the promotion of prudent financial management
- To complement the financial education policies of the Council and the Scottish Government around financial capability by adopting a preventative and early education approach
- To engender self-responsibility, self-reliance and self-determination among secondary school pupils to assist them in becoming responsible adults
- To test the concept of a pupil-run credit union bank, initially in St Stephen's High School developing employability, numeracy and business skills, aligned to the Curriculum for Excellence
- Following the implementation of the 'test' bank, to then roll this out to other secondary schools

5.2 The project would be implemented for all Secondary 1 pupils in Inverclyde. In order to ensure the success of the project the Credit Union will require to develop a working relationship with the Education Department as well as with the individual schools themselves. This foundation has been laid via the Financial Inclusion Partnership and Inverclyde Council have already expressed their commitment to the scheme.

5.3 An account would be opened for every S1 pupil in August 2016. The account would be credited with £10. Where pupils already had accounts, these accounts would be credited with £10. In August 2017, every new pupil into S1 will have an account opened and the expectation is that every S1 and S2 pupil would therefore have an account. Assuming the pilot initiative is successful, in August 2018 all pupils in S1-3 would have an account and therefore by 2021 every secondary pupil in Inverclyde would have had the opportunity to open a Credit Union Account. Tail O' the Bank would not initially have the capacity to be able to open accounts for all secondary pupils in one go.

5.4 A member of staff would be recruited to the Credit Union for 16 hours per week in order to take forward the processes. This member of staff would be dedicated to this project and would have a salary budget of approximately £10,000 per annum. The proposal is that the staff member will be selected by board members of the Tail O' the Bank and Education jointly.

5.5 Tail O' the Bank is a relatively small Credit Union and would prefer the opportunity to pilot and evaluate the concept before implementing a full roll out. Additionally, the person who is appointed would almost certainly need support and training to set up a robust process for collecting money. Once pupils are involved, they can help facilitate the process in future years and help to train others but initially this task will require additional input.

5.6 A presentation would be given to all upper school children (S5/6) and an opportunity for volunteers to come forward as potential 'bankers' will be presented. The school would then be responsible for appointing appropriate pupils for the tasks.

5.7 A strong focus would be placed on marketing the project in order to ensure a high level of pupil uptake. The marketing would focus on saving for items/events relevant to the target age group.

#### 5.8 **Branding and Promotion**

The Tail O' the Bank Credit Union already has branding which can be used for this project. They have savings cards which are used at present for young people's savings accounts.

Large posters will be made to be placed at the weekly collection points. Smaller posters will also be produced to advertise the project throughout the school. The dedicated staff member would ensure interest is gathered in the scheme.

## 5.9 Evaluation

It is important to evaluate the project on an ongoing basis to ensure it fits the needs of the pupils and of the individual education establishment. The following information should be tracked:

- Number of completed applications
- Number of accounts created
- Total value of savings
- Frequency of savings

Pupils will also be questioned to find out how they found the scheme. The scheme can then be amended going forward to ensure that it fits the needs of the pupils.

## 6.0 IMPLICATIONS

### 6.1 Financial Implications - One off Costs

Cost Centre	Budget Heading	Budget Year	Proposed Spend this Report	Virement From	Other Comments
Secondary General	Other Expenditure	2016 /18	38k	N/A	Funding for 2 year pilot

### Financial Implications - Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (if applicable)	Other Comments
N/A	N/A	N/A	N/A	N/A	N/A

### 6.2 Human Resources:

There will be a need in the first instance to work with Tail O' the Bank to appoint a part time temporary contract to set up the project.

### 6.3 Legal:

There are no legal implications

### 6.4 Equalities:

There are no equality implications

### 6.5 Repopulation:

There are no repopulation implications

## 7.0 CONSULTATIONS

7.1 Consultations have taken place with other Local Authorities, Credit Unions and Secondary School Head Teachers. Education Scotland have issued helpful guidance on how to set up a Credit Union.

## **8.0 CONCLUSIONS**

- 8.1 This is a very worthwhile pilot which will show how school and community credit unions can help children, families and communities avoid the problems of debt and financial exclusion. In relation to Curriculum for Excellence, areas that can be covered by running a school credit union project include literacy, numeracy, health and wellbeing, and also aspects of social studies.

## **9.0 BACKGROUND PAPERS**

- 9.1 None.