**Agenda Item 6: Credit Union Services**

I am writing in advance of the Finance Panel on Thursday, to give you some further information about Oxfordshire Credit Union and our response to the concerns raised in the officer’s report.

Dividend: we have not paid a dividend for the last few years because our balances did not make it possible but with our financial situation now more secure we intend to recommend paying a dividend (of up to 1%) to our members this year and have included the cost of this in our budget.

Interest Rates: except in the case of emergency loans, our maximum interest rate is 2% per month or 26.8% annual percentage rate. For long-standing members of the credit union who can access larger loans, the interest rate is 1% per month or 12.7% APR. This is a lot less than that of most commercial lenders to whom more vulnerable residents might well turn, and it is also in line with other credit unions.

Council’s own employee advance scheme: this is a good idea and we would not want to compete with it; but some employees might not want their employer to know about their personal circumstances. A credit union loan would be an additional facility for these people. In addition, of course, in line with our aims as a credit union we would be helping your employees to save regularly through the payroll deduction facility already set up.

Our case for continued support

We enable Oxford citizens to have benefits loaded on to their Visa debit cards which they can then use to pay rent, and make everyday purchases, including online. This is a free service for members but it costs OCU money to provide it. It is of benefit to the City Council as well as residents.

The City Council has been very generous to us in the past. We are well on our way to being on a sound financial footing without the need for further funding but there is a danger that, if the Council pulls the rug now, we may falter or, at the very least, grow more slowly.

Our request to the City Council

We are asking that the City Council help us to market ourselves, first to its employees and then to wider groups such as Council tenants. This need not cost the Council anything.

Secondly, we want to be able to employ a Development Officer on a fixed-term contract to help us significantly enhance and expand our marketing to the people of Oxford and to local employers and would be grateful for a one-off grant towards the cost. I attach a more detailed proposal.

Thank you for your attention. We look forward to talking further with you on Thursday.

Yours sincerely,

Sue Tanner

Secretary to the Board of Oxfordshire Credit Union