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focus

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Alternative Banking and Payments Newspaper for Credit Unions, their Communities and Partners

Inside: Overview of George Osbourne's budget

The latest on the Trade Union bill

More local and national credit union news

Credit unions 'good value for money' but must be easier to access

Three times as many consumers have turned to payday loans or doorstep lenders rather than credit unions, despite considering the high-cost borrowing rates to be worse value for money, according to a new survey.

In research published on Monday, one in 20 people surveyed by Scape Group, a public-sector procurement specialist, and the Association of British Credit Unions (Abcul), said they had taken short-term loans from payday firms, while the same proportion had borrowed from doorstep lenders to make ends meet. In contrast, just 3% had used credit unions.

Credit unions offer savings accounts and loans, typically to people in a small geographical area. Borrowing is normally far cheaper than that available from a commercial lender, and in 2013 the Archbishop of Canterbury said he wanted to compete Wonga out of existence by offering loans through a church credit union.

However, the survey suggests that positive publicity for credit unions in recent years has convinced consumers that they make financial sense. Of those questioned, 41% said credit unions were good value for money, compared with only 1% who said the same of doorstep lenders and 2% who saw payday loans as being good value.

While take-up was low, 62% said they would use credit unions if accessing them was easier. Abcul is working on how to make credit unions more accessible through online and mobile channels and via payroll deduction schemes – the sort of innovation it said had led to the growth of credit unions in the US, where membership has passed 100 million people and there are now $1.2tn (£773bn) of assets under management.

Mark Robinson, chief executive at Scape Group, said: "It is worrying that people have turned to payday lenders who can charge over 2,000% APR and technically legal doorstep 'loan sharks' whose fees and methods are exorbitantly higher, rather than seek alternative finance such as in the form of credit unions.

"Equally, we are concerned that even though the recession has ended and the UK economy is growing, people are still having to rely on borrowing money from their friends and family, and are not in a position to save for when the going gets tough."

The chief executive of Abcul, Mark Lyonette, said he wanted employers to make credit union membership an easier option for staff.

"The most successful credit unions in the world have strong links with employers who allow staff to save and repay loans through payroll deduction. In fact in some places, credit union membership is seen as a fairly standard employee benefit," he said.

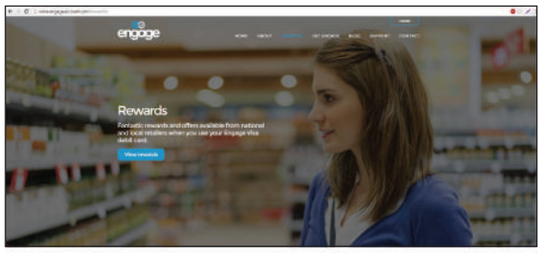
However, a regulatory clampdown on the payday loans sector – led by a cap on the overall cost of loans – appears to be benefitting vulnerable borrowers.

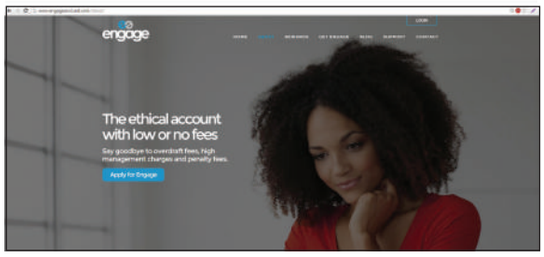
Citizens Advice said that the number of complaints it had received over payday loans had nearly halved since last year.

The rights organisation said it helped with 5,554 payday loan problems across England and Wales from January to March 2015, marking a fall of 45% on the same period in 2014, when 10,155 problems were reported.

By Hilary Osborne, 13th June 2015 - Reproduced by kind permission of The Guardian

Engage launches brand new website





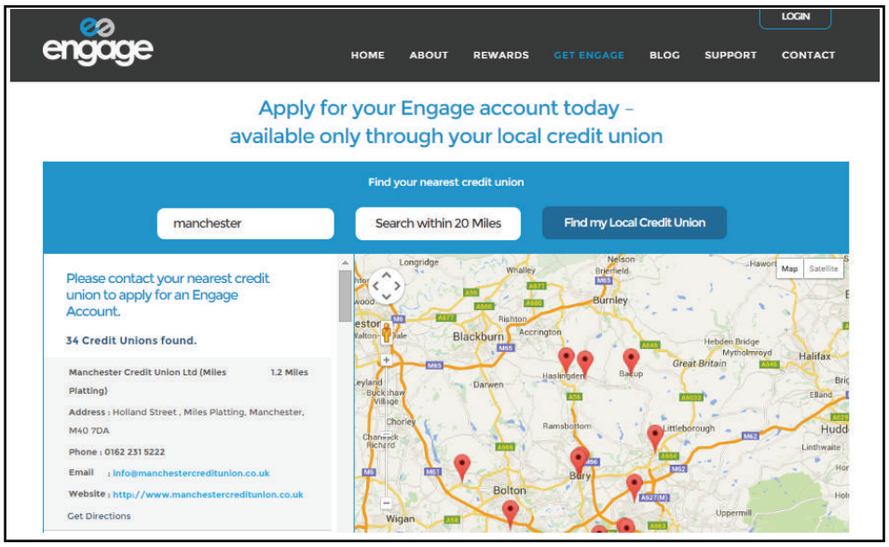
www.engageaccount.com

In our last edition we covered the launch of Engage, our exclusive credit union Visa debit card and account.

To go along with the product launch, Engage has completely redesigned its website. This new site brings a fresh, modern look to the Engage brand with improved functionality.

Designed with your credit union members and potential customers in mind, you will be sure to find a professional and user-friendly website. We would like to take this opportunity to encourage you to explore by visiting **www.engageaccount.com.**

The Engage website has been designed to be the 'one-stop shop' for credit unions and their members. Engage will offer the latest news and information regarding benefits, finance and any stories that may be of interest to credit unions.



Our website aims to:

- Raise the community awareness of all local credit unions
- Help drive and encourage potential members to visit local credit unions - check out our new credit union locator
- Give existing members easy and user-friendly access to their accounts
- Provide you and your members with all the information you need for all our Engage products such as fees, rewards and cashback etc.
- Keep you up-to-date with all the latest Engage news and future developments

What will be coming to the website?

Engage's Credit Union Locator

Engage products and website offering is continuously evolving and improving. One of our key aims is to encourage our new website visitors to go to their credit union to sign up as a member. We have worked hard to develop our brand new credit union locator tool – where current and prospective members can find their nearest credit union.

Customers can simply put in their postcode and the nearest credit union locations (including sub offices) will be viewed on a map, along with contact details and links to the credit union (if applicable).

Easy-to-use and understand, customers will find this an invaluable tool and a one-stop reference guide in finding their local credit union.

Engage's Credit Union Locator is probably the first fully comprehensive industry-wide database.

Marketing material generation

As part of our on-going marketing support, credit union Engage partners will soon be able to log into an online portal which will allow them to design and customise Engage posters and leaflets. Marketing material will then be distributed directly to credit union offices.

Blogs, vlogs and social media

At Engage, we will be adding regular blogs, vlogs (video blogs) and social media posts all with the sole purpose of engaging credit unions and their members. To help build and encourage the community spirit that is at the heart of the credit union movement.

Engage – a fresh perspective

Our Engage programme is delivering a fantastic range of new member products and services; and is suitable for all credit unions. By working together we can realise a common goal in delivering a national brand for credit union payments and member loyalty; and to drive the development of the movement both nationally and within communities.

Bank of England in flexibility plan for credit unions

Credit unions should be given more flexibility to operate, allowing them to offer a broader range of financial services, the Bank of England says.

The Bank's Prudential Regulation Authority (PRA) has proposed changes to the "rigid restrictions" that are set for all credit unions. This could allow the boards of some of the bigger unions more control over how they serve local communities.

These institutions have been backed as alternatives to payday lenders. Church groups, particularly, have suggested that these unions could compete with, and reduce the market share of, payday lenders.

There are nearly 400 credit unions in the UK,

aimed at helping the least well-off in their communities to save money and, if needed, take out manageable loans. Their success remains limited. Only 2% of the adult population in the UK are members of a credit union, whereas in the US, they are used by 46% of consumers.

"These changes will introduce a more risk-based and flexible regime for credit unions, with prudential standards that reflect the diverse business models they now operate. The new rules will raise standards where required," said Andrew Bailey, head of the PRA.

A key aim of the PRA's proposals is to give consumers confidence that they will not lose their money if a credit union fails.

Under the plans, deposits would be limited to £85,000 per person - the same level as the Financial Services Compensation Scheme, a safety net that guarantees savings will be returned to the customer if a bank, building society or credit union fails.

By BBC News, 24th June 2015 - Reproduced by kind permission of The BBC

Tory plan to redefine child poverty as figures set to show first rise in decade

David Cameron is looking to revive plans to change the way that child poverty is measured, in advance of figures that are expected to show it has increased for the first time in a decade.

The prime minister discussed the matter with the cabinet on Tuesday morning, Downing Street confirmed, with Nicky Morgan, the education secretary, Oliver Letwin, the Cabinet Office minister, and Iain Duncan Smith, the work and pension secretary, leading a conversation on whether the government was using the “right” measures.

The current definition of child poverty is whether a child lives in a household with an income less than 60% of the national average. Cameron’s official spokeswoman pointed out that this means fewer children could be in poverty during a recession because average household incomes have fallen, even if their circumstances stayed the same.

The issue was considered two days before official Below Average Income statistics are published, with the Institute for Fiscal Studies forecasting an increase from 2.3 million to 2.5 million children in poverty – the first rise for 10 years. But Cameron may not want to risk accusations that he is trying to dodge his record on child poverty by making an official announcement on changing the measurements on the same day. “You can’t have one nation if children’s opportunities and life chances at every turn are shaped and limited by poverty” says Alison Garnham, Child Poverty Action Group.

One option could be to supplement the current definition with new ones, rather than replacing it altogether. Changing the definition of child poverty was discussed under the last government but then put on hold in 2014, as the coalition could not agree how it would be done. The measure under consideration would have taken a complex approach that also took into account whether children have access to a good education, a decent home, and a stable family.

A little-noticed line in the Conservative party’s general election manifesto said the government would “work to eliminate child poverty and introduce better measures to drive real change in children’s lives, by recognising the root causes of poverty: entrenched worklessness, family breakdown, problem debt, and drug and alcohol dependency”.

In a speech on Monday about welfare and opportunity, Cameron gave a strong hint that proposals to change the definition were back on the table. “Just take the historic approach to tackling child poverty,” he told the audience in Runcorn.

The No 10 spokeswoman said ministers had talked about how they would deliver on the manifesto and had considered “how to have the right measures in place to drive real change to tackle the root causes of poverty”.

“Some of this ties in with the argument the prime minister was making [on Monday]. He wants the government to focus more on tackling the causes of the issues, rather than just treating the symptoms.” Asked whether Cameron is unhappy with the current definition, she said:

“He did point to concerns, and this was something talked about in the manifesto, about whether it is an effective measure or not, because if you look at the recession, the measured rate of child poverty fell because, actually, overall people’s income in the UK was falling, and child poverty was therefore seen to have fallen because it is a relative measure.”

Critics argue the government’s welfare changes are likely to make child poverty even worse, especially if, as expected, the plan to reduce the budget by £12bn includes a large cut to tax credits.

Alison Garnham, chief executive of Child Poverty Action Group, said no moral mission such as that described by Cameron “involves taking away tax credits for our poorest children, [and] no serious plan for the low-paid begins with making them poorer by cutting their tax credits”.

“You can’t have one nation if children’s lives, opportunities and life chances at every turn are shaped and limited by poverty. The government’s child poverty approach is failing but the prime minister’s speech simply missed the point and failed to set out what his government will do to prevent his legacy being the largest rise in child poverty in a generation,” she said.

“It is no good pulling bodies out of the river, without going upstream to see who is throwing them in – especially, if turns out the culprit is government policy. The right choices that would reduce poverty include protecting children’s benefits with the same triple-lock protection pensions enjoy, fixing the deep cuts to tax credit help for the low-paid, tackling cripplingly high rents, high childcare costs and expanding free school meals.”

The Fabian Society has also warned that “significant cuts to tax credits will lead to higher child poverty and worse life chances for young people from disadvantaged homes”

By Rowena Mason, 23rd June 2015 - Reproduced by kind permission of The Guardian

Benefit changes: Who will be affected?

Hundreds of thousands of UK families will be affected by cuts of £12bn in the UK's welfare budget announced by the chancellor.

For the first time tax credits and family benefits under Universal Credit will be limited to the first two children only.

At the moment 870,000 families with more than two children claim tax credits, according to HMRC. Most working age benefits will be frozen for four years from 2016.

Those claiming the working element of Employment and Support Allowance (ESA) will see payments reduced, to match Job Seekers Allowance (JSA).

The benefit cap will be reduced from £26,000 a year to £23,000 a year in London, and £20,000 in the rest of the country.

And those aged between 18 and 21 will no longer necessarily receive Housing Benefit.

Tax Credits
Any family which has a third or subsequent child born after April 2017 will not qualify for Child Tax Credit, which amounts to up to £2,780 a year per child. This will also apply to families claiming Universal Credit for the first time after April 2017.

However those who have been in receipt of tax credits or Universal Credit with an interruption of less than six months, will be protected.

This change will not apply to Child Benefit.

The income level at which you can claim tax credits will also go down. From April 2016 the income threshold will go down from £6,420 to £3,850, meaning that far fewer people will be eligible to claim.

Previously claimants' income could also rise - the income rise disregard - by £5,000 a year. That disregard will now be cut to £2,500.
The chancellor said that spending on tax credits would now return to the level it was at in 2007/2008. The changes are expected to save £5.37bn a year by 2019.

Benefits freeze
Most working age benefits will be frozen for four years from April 2016. Since April 2013 they have been up-rated by 1% a year. This will include Job Seeker's Allowance, Employment and Support Allowance, some types of Housing Benefit, and Child Benefit. Pensions, Maternity Pay and disability benefits are excluded. The measure is expected to save £3.9bn a year. Housing Benefit

From April 2017, those out of work between the ages of 18 and 21 will not be automatically entitled to claim housing benefit. Parents whose children live with them will be excluded from this measure.

Vulnerable groups will also be excluded, as will claimants who have been in continuous work for the preceding six months. This will save £35m a year from 2017.

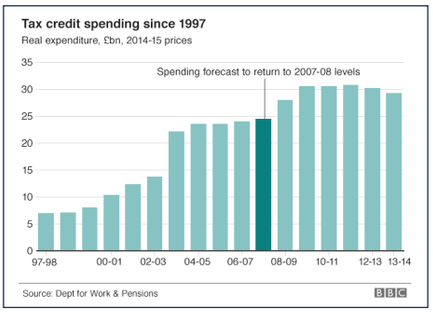
Employment and Support Allowance (ESA)
Currently those who claim the Work Related Activity Group (WRAG) element of ESA get £30 more than JSA. But from April 2017, those who are able to work will get the same as JSA. That is currently £73.10 for someone over the age of 25, or £57.90 for 18-24 year-olds. The WRAG element of ESA currently pays £103 a week.
Latest figures suggest 492,000 people will be affected by the cut. The government estimates this will save £445m a year.

Benefit cap
The current benefit cap limits most payments to £26,000 a year, across the UK. From April 2017 that will be cut to £23,000 in London, and £20,000 elsewhere. Up to now 45% of households affected by the cap have been in London.

Those who exceed the cap receive a cut to Housing Benefit. The benefits excluded from the cap include: Working Tax Credit, Disability Living Allowance, Personal Independence Payments and the WRAG element of ESA. Up until February 2015, 58,700 families had their benefits cut as a result of the cap. That number is now likely to grow. The measure is expected to save £405m a year.

Universal Credit
As many as 300,000 fewer people are expected to be eligible for Universal Credit as a result of the changes. From April 2017, parents claiming Universal Credit will be expected to "prepare" for work when their youngest child is two years old. When the child is three, they will be expected to look for work.

Social Rents
The chancellor also confirmed that higher earners will have to pay more in rent for social housing. Those earning more than £30,000 will have to make a bigger contribution if they live in council or housing association property.



Anyone earning more than £40,000 in London will also have to pay more. However, for everybody, rents will be reduced by 1% a year for four years from 2016.

By Rowena Mason, 23rd June 2015 - Reproduced by kind permission of The Guardian

IF YOUR CREDIT UNION WOULD LIKE TO CONTRIBUTE TO THE NEXT ISSUE OF FOCUS THEN EMAIL:

Liam.Hartley-Wright@contisgroup.com

- Good news stories about your credit union
- News about your community
- Issues in your area

Focus goes out to all UK and Ireland credit unions.

We aim to provide a newspaper for Credit Unions to share their news with other to build bonds in the industry.

A fresh look at the statistical side of credit unions

The problem with statistics is you can interpret them any way you want.

Did you pick up on the latest quarterly financial summaries on the credit union sector on the PRA's website?

On face value the figures look good - they show an increased take up of credit union services by way of membership, savings and loans. But as an accountant, I see the figures in a different light.

Let's look at the key figures…

Good news! - Credit unions have 100,000 more members compared to a year ago. Not so good news! - With just 1.6 million members, just one in 30 of the UK's adult population or, put another way, one tenth of Barclays' UK customer base is a member of a credit union.

Good news! - Savings with credit unions have gone up by 10%, loans by 5%. Not so good news! - Credit unions are now sitting on about a billion pounds that's doing nothing. Almost half of members' savings is earning no real income for credit unions, or for their members.

This is not only a missed opportunity, these factors are hurting the financial wellbeing of individual credit unions. Right now, a good many small, community-based, credit unions are having a torrid time. In fact several have been forced into administration in recent months. It is not by chance that each had a good amount of cash 'parked' in the bank.

The issue is although set up and organised as not for profit, credit unions are now expected to meet what, for them, are some pretty challenging solvency requirements and are being given little time to re-invent themselves to achieve them, failing which the regulator will step in.

So what are their options?

1) Improve profitability;
2) Generate more income;
3) Merge with another, preferably stronger, credit union.

None of these are easy or quick to achieve - the take up of profitable new services by members is never as high as you'd expect; credit unions don't have anything like the same level of resources their competitors enjoy; there are fewer cost savings opportunities and synergies in a merger of credit unions than in other organisations; increased loan volumes can lead to proportionally far higher bad debts; nowadays it's hard to maintain, let alone increase, your grant income; even if altruistic members are willing to write off their savings in order to strengthen the balance sheet, doing so might merely buy a little more time and not long term viability; you probably only have a handful of local credit unions to merge with in the local area.

The reality is small credit unions that are struggling might have a good number of options on paper, but in reality they have few, which after much exploration and soul searching, might be reduced to just one – of administration.

Paul Brindley says 'If administration should appear unavoidable, think about holding a beauty parade of insolvency practitioners. And look far and wide! That way you can assess which one is likely to deal with the administration as you would wish it to be conducted, because in the case of credit unions, the delivery is very, very important.'

Paul Brindley of Midlands Business Recovery is a licensed insolvency practitioner who specialises in credit union insolvency.

He can be contacted on 01902 672323.

By Paul Brindley - Midlands Business Recovery, 17th May 2015 - Reproduced by kind permission of Paul Brindley

UK unemployment total up by 15,000

The UK unemployment total has risen for the first time in two years, according to the Office for National Statistics.

The ONS said 1.85 million people were unemployed in the March-to-May period, an increase of 15,000 from the previous quarter.

The ONS also showed that the pace of pay rises continued to pick up. Average weekly earnings including bonuses rose at an annual pace of 3.2% in the latest three-month period, the fastest rate in five years.

Pay excluding bonuses rose by 2.8%, which was the highest pace since February 2009. The ONS figures showed there were 30.98 million people in work in the March-to-May quarter. That was down 67,000 from the previous three-month period and the first quarterly fall since April 2013.

"It's possible that the rate of improvement in the labour market that we have seen over the last three years may have eased off, though it is too early to be certain," said ONS statistician Nick Palmer.

In all, 272,000 more people were working full-time during the quarter, while 7,000 fewer people were working part-time.

Despite the rise in the jobless rate, the UK's Work and Pensions Minister, Priti Patel, said there were jobs out there.

"When you look at the strength of the UK labour market - through the reforms we brought in in the last parliament and now as well we're continuing to implement - we are seeing a lot of growth in the economy, and at the same time, wages are increasing, but vacancies are still at over 700,000, so there are jobs out there in the labour market and vacancies are there," Ms Patel told the BBC.

Experts say that the rise in the jobless rate could give officials greater impetus to raise interest rates later this year.

"If the data continue to strengthen in coming months in line with the surveys, a November rate hike remains very much in the picture," Chris Williamson, chief economist at Markit said.

By BBC Business, 15th July 2015 - Reproduced by kind permission of The BBC

Liverpool-based Credit Unions win prestigious 5-star award

Huyton's Enterprise Credit Union and Central Liverpool Credit Union have both received 5-star awards from the Fairbanking Foundation.

Among the first credit unions to participate in the 2015 Fairbanking mark, both are particularly proud in that only one 5-star rating has ever been awarded to any financial institution before.

Enterprise Credit Union, which was set up in 1988 and now serves more than 14,500 members across Knowsley was recognised for its loyalty loan product.

Chief Executive Karen Bennett said: "This award is testament to my team, the fantastic services we offer here at Enterprise Credit Union and of course our wonderful members.
Central Liverpool Credit Union's Helping Hand and Savings based loans received the top awards for improving people's financial well-being. Both loans encourage and enable members to save while making repayments, often for the first time in their lives. Customer service, communication with members and team work all met the highest standards.

Commenting on the significance of the awards Eileen Halligan, CEO suggests 'We are now the standard bearers for other credit unions wishing to achieve the Fairbanking Mark. I am so proud of our credit union and its people and its great to know that our members think so highly of the credit union."

The Fairbanking Foundation was set up by Antony Elliott, former chief risk officer at Abbey National for more than 10 years, as a natural extension of work he started by writing the report, *'Not waving, but drowning: over-indebtedness by misjudgement'*, which was published by the Centre for the Study of Financial Innovation in April 2005.

The Fairbanking Foundation has a clear charitable objective, to encourage and assist banking providers to improve the financial well-being of their customers.

Shares based Loan

fairbanking

for your financial well-being

Personal Loan

Useful marketing tips for credit unions

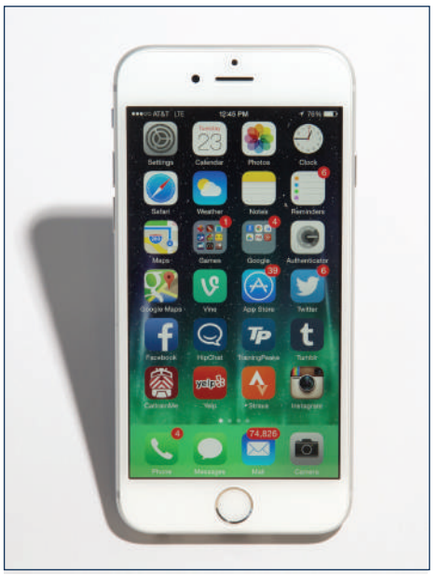
1: Technology is becoming faster, smarter and more accessible than ever before, and it seems to be continuing with that trend for the foreseeable future.

Moving with the times and adapting your business can seem difficult but these days most of us have access to a smartphone and therefore a wealth of potential consumers. There are a variety of free apps available that let you communicate with a potential audience, each offering a different prospective of your organisation. Snapchat has seen an increase in companies using it to market themselves.

Using this app would give a very personal and insightful view of the day to day activities of that organisation, helping build the relationship between organisation and customer. Take some time to research and explore different channels for ones that suit you and find what works best for you. Facebook and Twitter are still a solid bet for digital marketing.

2: Look for new inspiration on how to connect with your audience. Use other sources of information. There are lots of free to sign up sites that offer the latest information and news in marketing. Why try and reinvent the wheel, when someone has already done it.

Taking someone else's idea and adapting it is not a bad thing. You may find that a much larger organisation with a considerable budget has tried a new approach and in doing so reinvigorated their brand. Although your organisation may not have the same financial clout, you may be able to take elements from the marketing campaign and apply them to



your own. This may give your business a fresh appeal but be careful not to alienate your current consumer and perhaps don't try anything to edgy or controversial to begin with.

Source for new idea:
www.marketingweek.com
www.theguardian.com

3: Spend time finding out who your customer base is and what they truly want. A lot of companies and organisations have correlated databases on their consumers but do very little with it. Finding out this information could mean a much more focused and cost-effective marketing strategy

Using segmentation to divide your overall customer base can make it easier to tailor your marketing. Different segments might need different information or may prefer a different style of communication. E.g. using digital media to talk to a younger, more tech savvy audience. Whereas an older audience might prefer something printed and tangible to have, like a leaflet.

There are many ways to segment a customer base from the basic demographic information such as age, gender, ethnicity, income and family size; to more complex psychographic segmentation where the customer base is divided by personality traits, values, attitudes etc.

So what does all this mean for my credit union?

Segmenting your database doesn't have to be a complex, laborious task, taking some time to research and evaluate potential differences in your audience can be worthwhile.

Start with simple techniques like dividing by gender or age. Then tailor some key messages to those segments and record the results. For example if you are trying to get more sign ups, set a goal such as 5% increase on male sign ups to the credit union in the next month. Then record the results and compare them to previous months.

Segmentation and goal setting can be a little bit of trial and error so don't be disheartened if it doesn't work out straight away.

By Liam Hartley-Wright - July 2015

Trade Union Bill: Ministers deny 'attack on workers' rights'

Ministers have defended plans to tighten the rules on strike ballots after unions said they would make legal strikes "almost impossible". Under current rules all that is needed for a strike is a simple majority of those that take part in a ballot.

But the Trade Union Bill would impose a minimum 50% turnout - and public sector strikes would need the backing of at least 40% of those eligible to vote.

The TUC says it's an attack on workers' rights but ministers insist it is fair.

The Trade Union Bill, which begins its journey into law by being presented into the Commons on Wednesday, represents the biggest shake-up in the rules on industrial action in 30 years.

Union leaders reacted with anger to the legislation, with one saying it "smacks of Germany in the 1930s" and Unite General Secretary Len McCluskey accusing the government of wanting to "put trade unionism beyond the law".

The new laws would force unions to give employers 14 days notice of strike action and allow them to bring in agency staff to cover for striking workers.

'Slippery slope'

The legislation could also cut the amount of money unions have to mount campaigns - or donate to parties such as Labour - with members actively having to "opt in" to pay the so-called political levy, which is currently automatic unless members opt-out.

But proposals to ban picket lines of more than six people appear to have been dropped. It will be made an offence not to have a named individual supervising a picket line.

The legislation also includes efforts to tackle "intimidation" of non-striking workers.

Analysis by Assistant Political Editor Norman Smith

These are some of the most sweeping and radical union reforms since the 1980s. The unions fear it will make effective industrial action pretty much impossible - and say it's unnecessary as the level of strikes is almost at its lowest ever.

But ministers argue that in the wake of strikes on London Underground, for example, where people have been severely inconvenienced, they need to find a fresh balance and look again at the power of the trade unions.

What is notable is that when Margaret Thatcher introduced her reforms, it was on back of a wave of industrial discontent. Today, unions are much diminished and tamed beasts which has promoted accusations from the unions and the Labour Party that this is all partisan politics designed to knobble them.

Analysis: How new laws will affect Labour funding

Business Secretary Sajid Javid said: "Trade unions have a constructive role to play in representing their members' interests but our one nation government will balance their rights with those of working people and business.

"These changes are being introduced so that strikes only happen when a clear majority of those entitled to vote have done so and all other possibilities have been explored."

But TUC general secretary Frances O'Grady said the Bill would "make it almost impossible for workers to exercise what is their democratic right and civil liberty".

Ms O'Grady said the changes would enable employers to "stick two fingers up" to workers by bringing in agency staff to break any strikes - and people standing on picket lines would be "subject to arrest".

She told the BBC's Victoria Derbyshire programme it would "load the dice" against key public sector workers such as nurses and be "poisonous for industrial relations in the UK".

In numbers

Public sector workers went on strike over pensions and pay in July last year

• There are 149 registered trade unions. These range from large unions which protect the interests of broad groups of workers, such as public services union Unison and the GMB union for general workers, to smaller bodies, including the Rugby Players' Association and the North of England Zoological Society Staff Association

• Unite is Britain's biggest trade union, with 1.4m members

• There are 25 trade unions that have "political funds" to help them further their broader objectives, according to the Trade Union Certification Officer

• Unions must put the continuation of political funds to a vote by members every 10 years

• Fifteen trade unions with political funds are affiliated to the Labour Party and give it substantial sums of money. Unions not affiliated to Labour can give money to any political party they want

• In 2014, 788,000 working days were lost in the UK by people who did not work as a result of their involvement in a dispute at their workplace, according tofigures from the Office for National Statistics

• Strikes are at historically low levels. 2011 saw large protests over public sector pensions, leading to 1.4m working days lost through labour disputes - the highest number since 1990. However, more working days were lost to labour disputes in 1926 than in the 37 years combined between 1974 - 2011, as theHouse of Commons Library points out

Mick Whelan, general secretary of the train drivers' union Aslef, said the move "smacks of Germany in the 1930s" and accused the government of trying to "neuter the unions".

Meanwhile, Unite - UK's biggest trade union - has deleted the words "so far as may be lawful" from its constitution

General secretary Len McCluskey said: "Unite is not going to see itself rendered toothless by passively submitting to unjust laws. If the Tories wish to put trade unionism beyond the law, then they must take the consequences

"We are ready for the fight, and we will, I believe, find allies throughout society, amongst everyone who cares for freedom and democracy".

Labour accused the government of trying to "drive a false wedge between government, industry, employees and the public by restricting rights - and at worst criminalising - ordinary working people, from midwives to factory workers to challenge low-pay or health and safety concerns".

Continued on next page

A 24-hour tube strike earlier this month caused chaos for thousands of London commuters

Acting Labour leader Harriet Harman has said changes to party funding "must be on a fair, cross-party basis, not just rigged in favour of the Tory party".

Employers' organisation the CBI backed the introduction of strike ballot thresholds. Director general Katja Hall said it was "an important, but fair, step to ensure that strikes have the clear support of the workforce".

Adam Marshall, policy and external affairs executive director at the British Chambers of Commerce, said the right to strike "must be exercised with the greatest restraint".

Consultations on the 40% strike ballot threshold for key public sectors, picketing rules, and use of agency workers will be open until September.

The Conservatives had wanted to introduce the reforms during the coalition government but the move was blocked by the Liberal Democrats.

By UK Politics, 15th July 2015 - Reproduced by kind permission of The BBC News

George Osborne to slash social security payments by £46bn in next five years

Osborne has unveiled plans to cut a cumulative £46bn in social security payments over the next five years, prompting critics to warn that there will be substantial increase in poverty and inequality.

The chancellor said the measures, which focus on cuts to tax credits and housing benefit, would put welfare spending on a sustainable footing and prevent abuse of the benefits system, while maintaining the principle that social security should always support elderly, vulnerable and disabled people.

Outlining his principles for welfare reform, Osborne said he regarded it as a principle of the benefits system that it “should not support lifestyles and rents that are not available to the taxpayers who pay for that system”. He said his goal was to move Britain “from a high welfare, high tax economy to a lower welfare, lower tax society”.

The most eye-catching cut in the budget was the limit on tax credit support to two children per family – a long-held policy aim of the work and pensions secretary, Iain Duncan Smith. The government said recipients of tax credits “should face the same financial choices about having children as those supporting themselves solely through work”. The cap will apply to any children born after April 2017.

Critics warned that the cuts would lead to an explosion in child poverty and homelessness, and plunge thousands of ill and disabled people into hardship. They said their impact would not be cancelled out by the new national living wage for the over 25s that will be worth £9 an hour in 2020.

Matthew Reed, the chief executive of the Children’s Society, called the budget a disaster for low-income working families. He said: “It fails to provide a route out of poverty for families that are already struggling to make ends meet. The Resolution Foundation thinktank estimated that although some middle earners would be net gainers from Osborne’s changes to welfare and the minimum wage, they would leave low earners, typically on £9.35 an hour, between £850 and £1,000 a year worse off.

The biggest single chunk of savings – amounting to £16bn between 2015 and 2020 – will be found from reductions to income thresholds in tax credits and work allowances, effectively reducing the amount of earnings households can keep before their benefit entitlements are reduced. A further £3.7bn will be found by increasing the rate at which a person forfeits tax credits as their earnings increase.

About £4bn a year will be saved through a four-year freeze to working-age benefits, including tax credits, unemployment benefit and housing benefit, starting in April 2016. However, some statutory payments such as maternity pay, and a number of disability benefits, including personal independence payments and the disability living allowance, will continue to rise by inflation.

The value of pensioner benefits were protected, including pensions, which at £86bn a year are by far the biggest single element of social security spending. Winter fuel allowances for pensioners and free TV licences for the over 75s are also ringfenced, with the latter to be paid for by the BBC progressively over the parliament.

Osborne also confirmed that the benefit cap, which limits the amount of benefits an out-of-work family can receive, will be lowered from £26,000 to £20,000, except in London, where the cap will be £23,000. About £800m of discretionary housing payments will be given to councils over the next five years to provide temporary respite from eviction and homelessness for the estimated 90,000 households who are expected to be capped. Osborne claimed the benefit cap had encouraged “tens of thousands” into work.

But the chancellor enraged disability charities by taking £1,500 a year off the employment and support allowance paid to claimants who are deemed temporarily unable to work because of illness or disability. Macmillan Cancer Support said the move would “leave thousands of people with cancer without a vital financial lifeline at a time when they need it most”.

The Treasury said working families would be better off under the changes. Its modelling shows that the combined impact of welfare cuts, changes to the personal tax allowance and the creation of the new national living wage would see a dual-earner renting family with two children, currently earning the national minimum wage, see their net income rise 12% over the parliament, while a single-earner couple with two children would experience at 3% increase.

However, the same Treasury estimates show that a household which falls out of work, or is unable to work but not exempt from the benefit cap, will see its resources diminish rapidly to critical levels. A jobless couple living outside London and hit by the benefit cap would suffer a 28% income fall by 2020.

Shelter, the housing charity, said the benefit cap no longer applied just to expensive postcodes in London and the south-east but would now affect families in low-rent areas previously immune to it. Shelter’s chief executive, Campbell Robb, said: “We’re talking about places like Portsmouth and Southend being off-limits to families on low incomes.

“Imagine your partner dying or relationship breaking down, having two young children to care for on your own, and needing some help to get by: if you don’t have any savings you’ll either go without the basics or be forced to move town.”

Alison Garnham, the chief executive of the Child Poverty Action Group, said: “The welcome move on a higher minimum wage cannot disguise the truth that this is a budget which damages the economic security of working families and takes us further down the road to being a two-nation economy, with higher child poverty for millions and lower taxes for the better off.”

Andrew Harrop, the general secretary of the Fabian Society, said: “The chancellor described this as a budget for working people, but Wednesday’s announcement will lead to a big rise in child poverty and economic inequality.”

By Patrick Bulter, 8th July 2015 - Reproduced by kind permission of The Guardian

MPs given the go ahead for 10% pay rise to £74,000

MPs' salaries will rise from £67,060 to £74,000, the Independent Parliamentary Standards Authority has announced.

The 10% pay rise has been approved despite Downing Street and a succession of MPs saying it was "not appropriate".

IPSA chairman Sir Ian Kennedy said that MPs' pay had been a "toxic" issue "which had been ducked for decades".

He said the pay rise would not cost any money because it was being combined with cuts to expenses, pension and severance payments for MPs.

The independent watchdog, set up to bring in and run a new expenses and pay system for MPs after the expenses scandal of 2009, says in future MPs' pay would rise in line with average rises in the public sector.

Analysis: By BBC political correspondent Iain Watson

The pay rise for MPs is something which is seen to be perhaps not entirely politically sensible at the moment. Still in an age of austerity, still paying down the deficit, restrictions on public sector pay.

But that said, it's an independent body, IPSA, that's doing it. Their assessment is that MPs are underpaid but that they had far too many generous allowances. So what they've decided to do is have a series of reforms that don't cost the taxpayer a penny more. So for example, MPs will have a restructured pension scheme and lose some of their expenses, such as for evening meals.

IPSA says this is a very sensible package, but it comes at not a very sensible time if you're an MP, because it looks as though you're getting more than 10% while your constituents are probably having their pay restrained.

That was a change from its earlier suggestion that their pay would be linked to average earnings, which is likely to be higher over the next five years. The measure being used by IPSA has also been negative in the past as a result of job cuts - and the watchdog's report stated: "If these data show that public sector earnings have in fact fallen, then MPs' pay will be cut too."

A number of MPs - including Education Secretary Nicky Morgan - have said they would give the money to charity, while Labour leadership contenders Andy Burnham, Yvette Cooper and Liz Kendall have said they would forgo the rise.

The then Education Secretary Michael Gove, now Justice Secretary, in 2013 said that IPSA could "stick" their pay rise.
David Cameron has refused to say whether he will accept the IPSA pay increase or not.

The prime minister told BBC's South West Spotlight programme "I don't agree with what's been put forward", but he stressed that IPSA was an independent body.

Asked whether he would give the money to charity, he said: "I give money to charity and [this money] will enable people to give more. But this is a private matter."

The government formally expressed its opposition to an increase in a letter to the watchdog's final consultation on the plans last month.

Sir Ian said: "We have made the necessary break with the past. We have created a new and transparent scheme of business costs and expenses, introduced a less generous pension scheme, where taxpayers contribute less and MPs make a higher contribution, and scrapped large resettlement payments.

"We have consulted extensively on MPs' pay, and with today's decision we have put in place the final element of the package for the new Parliament.

"In making this decision we are very aware of the strongly held views of many members of the public and by some MPs themselves.

"We have listened to those views. We have made an important change to the way in which pay will be adjusted annually.

"Over the last Parliament, MPs' pay increased by 2%, compared to 5% in the public sector and 10% in the whole economy. It is right that we make this one-off increase and then formally link MPs' pay to public sector pay."

Labour leadership contender Yvette Cooper said: "This is crazy. How on earth has David Cameron allowed this to happen? He needs to step in urgently and stop this MPs pay rise going ahead."

Jonathan Isaby, chief executive of the TaxPayers' Alliance, which campaigns for lower taxes and against spending waste, said: "Just a week after the chancellor rightly announced further pay restraint in the public sector, it is totally inappropriate for IPSA to be pushing forward with this pay hike.

"This unaccountable body is doing our MPs a great disservice: the invisible quangocrats at IPSA may have made this regrettable decision, but the public will inevitably direct their anger at their elected representatives in Parliament."

Seven-day NHS plan could lead to big staff shortages says pay review

David Cameron's dream of seven-day NHS services is under threat from big staff shortages and could lead to workers quitting in protest if allowances for unsocial hours are cut, the government's independent pay advisers have warned.

Setting out his "25-year vision for the NHS" in London, the health secretary, Jeremy Hunt, warned that the cost of week-round services would be prohibitive without changes to existing premium payments for unsocial hours and shift work. Not counting overtime, these payments cost £1.8bn a year in England.

But the NHS pay review body, which recommends pay for non-medical staff, said the current payment system should not be abandoned without a wider review of health service salaries.

The warnings delighted health unions, which had been horrified by Hunt's plans to introduce radical changes to pay and shift patterns. Hunt was also attacked by senior doctors over his threat to force them to work weekends, unless they do so by agreement within six weeks. The British Medical Association condemned the move as "a wholesale attack on doctors", and there was speculation that consultants could consider taking industrial action in protest.

Amid the furore, Hunt also raised questions about whether the NHS could remain an entirely taxpayer-funded service in the long term.

There was some good news for the government when the separate pay review body for doctors endorsed Hunt's moves to abolish consultants' right not to work weekends if they did not want to.

But the body that recommends pay levels for non-medical staff said Hunt's plans for a seven-day NHS needed more resources.

Options listed in government proposals for non-medics earlier this year included removing unsocial hours payments for all or part of the weekend, lowering existing rates for Sundays and bank holidays, changing night-shift starts and "rewarding" staff for being flexible in the hours they worked, citing AA pay structures as a possible model.

The pay review body recognised "affordability issues" but said experience at sites already piloting seven-day services suggested these were largely due "to the need to invest in extra resources, in particular additional staff, to provide services in the extra hours".

Cutting existing payments for those who already worked unsocial hours, including midwives , ambulance workers – whose pay is determined separately – and many nurses, would amount to a cut in their total earnings.

"While we cannot estimate figures with any accuracy, it seems likely that at least some of these staff would not be prepared to work their current unsocial hours under such circumstances," the pay advisers said.

"Given the number of years it takes to train suitably skilled and qualified staff we believe a substantial barrier to the expansion of seven-day services could be insufficient numbers of appropriately trained staff."

There were potential benefits for staff in terms of flexibility, work-life balance and increased job satisfaction from improving high-quality care as well as the case for "some adjustments" to the existing system, said the report.

"However, if done in isolation, this could risk the morale and motivation of staff, damage employee relations, exacerbate existing shortages, and, in particular, risk the good will of staff already working across seven days."

Barrie Brown, head of health at union Unite, said the pay body report "has put the kibosh" on government and employers' claims that unsocial hours payments were an obstacle to seven-day services.

Analysis Why Jeremy Hunt is wrong: NHS medical staff respond to ultimatum
British Medical Association accuses health minister of wholesale attack and says doctors support improved service but lack of resources are to blame

Christina McAnea, head of health at Unison, said: "If NHS workers were not paid more for working at night, and over weekends and public holidays, many would vote with their feet, and either leave the health service altogether or seek more lucrative agency work.

"The real barriers to a safe seven-day NHS are underfunding, understaffing and lack of employee involvement."

Speaking in the Commons, Hunt defended his plans, saying the NHS was working towards recruiting extra doctors to cover seven-day care and stressing it was affordable within funding already promised.

Earlier, asked if he could guarantee that the current NHS funding model – with the £117bn budget solely provided by taxpayers – could survive for the next 25 years, the duration of his plan, Hunt replied: "I am confident but I don't have a crystal ball.

"If I look at the challenges we face in delivering the Forward View [NHS England's blueprint for the service's transformation by 2020], I think that our model will work. But it's going to need a huge effort from NHS organisations and NHS leaders to deliver that."

Labour claimed that Hunt's failure to rule out any change to the existing system could mean that charges might ultimately be introduced for NHS services.

"Jeremy Hunt's refusal to guarantee that an NHS free-at-the-point-of-use will continue under the Tories is very worrying indeed, though sadly not surprising given he once put his name to a pamphlet arguing the NHS should be replaced with an insurance-based system," said shadow health minister Jamie Reed

By James Meikle and Denis Campbell 16th July 2015 - Reproduced by kind permission of The Guardian

Banks face new legal action over forex manipulation

After fines totalling many billions of pounds from UK and US regulators, a new threat is about to hit the major banks found guilty of manipulating the foreign exchange market.

US lawyers are preparing multi-million-pound legal action - to be lodged in the autumn - against up to 12 banks.

The targets include HSBC, the Royal Bank of Scotland, Barclays and US banks JP Morgan and Citigroup. The action will be led by the US law firm Scott and Scott. It will be of particular concern for the banks and their investors.

'Conspiracy'

Why? Because many of the banks named have already paid out hundreds of millions of pounds in compensation payments following similar legal moves by Scott and Scott in the US. Managing partner David Scott told the BBC he is confident of a similar outcome here.

He is in London before travelling to Paris and Berlin to meet complainants that are likely to include multi-national businesses, pension funds and even, he says, central banks.

"It is very safe to say that the damages suffered by the clients are in the tens of billions of dollars," he told me.

"We've been over [here] meeting with central banks, pension schemes, large multinationals who have asked us to determine if they have been harmed as a result of the conspiracy.

"We have met with central banks and they have expressed an interest - they are interested in the institutional knowledge that we have gained litigating the forex case in the United States.

"We have developed a model that allows us to give a pretty good idea of what their damages are if they traded foreign currency."

Sorry story

I asked him directly if he had spoken to the Bank of England, a question he sidestepped, saying that he wasn't able to give details of specific clients.

The legal cases are just the latest chapter in the sorry story of foreign exchange manipulation.

Last November, six banks were fined £2.6bn by UK regulators after after traders were found to be manipulating the foreign exchange market.

Groups of traders from different banks with exotic names such as "the Three Musketeers" and "the A team" deliberately massaged rates at which they bought and sold currencies to major businesses so that the banks would make higher profits, and the traders higher bonuses.

This UK fines were followed by action by US regulators, which fined banks £3.6bn in May.

'Paper cuts'

The European Commission is now investigating whether competition laws were also breached by the banks' behaviour.

“The manipulation caused people who traded foreign currency to pay more than they would have in a free market," Mr Scott said.

"The people who are ultimately the victims of the conspiracy do not know it, because you cannot have a good conspiracy unless it is well concealed.

"And because the [foreign exchange] market is so large, the banks and traders did not need to bludgeon somebody over their head to steal their money.

"They just needed to make small paper cuts and bleed people very slowly - because each of those cuts in a market this large ultimately leads to a very large pot of money. The customers had no idea they were being defrauded."

'Sophisticated'

Mr Scott denies that he is in the UK "ambulance chasing" - signing up clients in the hunt for lucrative fees.

"This is not an ambulance-chasing venture," he said.

"The clients that we are representing are large sophisticated multinational corporations, pension schemes and central banks who have been victimised.

"I don't think they would consider us ambulance chasers, they are more likely to see us as white knights”.

By Kamal Ahmed, 14th July 2015 - Reproduced by kind permission of The BBC

House of Lords to grill ex-HSBC chairman in tax evasion row

The controversy surrounding tax evasion strategies used by HSBC’s Swiss private banking arm will be reignited next week when Stephen Green, the former boss of the bank, faces questions in the House of Lords.

Lord Green, who left HSBC to become trade minister in 2011, will give evidence to the economic affairs committee at a one-off session on the culture of banking.

It will be the first time Green has appeared since leaving the government as trade minister in 2013 and since the Guardian and other publications revealed the strategies that HSBC’s Swiss arm used to help customers evade tax.

The so-called HSBC files, which cover the period 2005-2007, amounted to the biggest banking data leak in history, shedding light on around 30,000 accounts holding almost $120bn (£78bn) in assets.

The economic affairs committee, chaired by Clive Hollick, a Labour peer who used to run United Business Media, intends to ask Green about the Swiss operation and HSBC’s Mexican business, which was hit by a £1.2bn fine from the US authorities in 2012.

Imposing the fine, US regulators pointed to a “blatant failure” to implement anti-money laundering controls in the bank’s Mexican operation that allowed local drug traffickers to deposit hundreds of thousands of dollars each day in HSBC accounts.

Hollick’s committee will also ask whether global banks are too large to manage and whether the policy of US prosecutors to issue multimillion-pound fines against companies, rather than prosecute individuals, is the right approach to improve the ethics and culture of banks.

Green will give evidence alongside Sir Win Bischoff, the veteran banker who is a former chairman of Lloyds Banking Group. Bischoff is currently chairman of the Financial Reporting Council. Green and Bischoff will also be asked about the bonus culture in the City of London

By Jill Treanor, 9th July 2015 - Reproduced by kind permission of The Guardian

Two exercises to help your credit union to tell a better digital story

Take a few minutes today and ask those who work with you the following question:

In 30 seconds, tell me why I should open an account at our financial institution.

First, ask your executive team and record their answers.

Next, ask everyone on the front line, including those in lending and the call center, and record their answers.

After you complete these surveys, look for patterns in the responses and identify the three most common answers.

Finally, ask the same question to other financial institutions in your community by giving them a call or walking into their branch.

Is the story they are telling you any different from the one you are hearing from your colleagues about your financial institution?

The Problem: People Are Not Coming Into Branches

This exercise you have completed has not been done in vain.

The issue is that by the time a consumer talks to a person at your credit union, if they decide to at all, the consumer is already pretty far down in their buying cycle for making a purchase decision.

At this point, they are simply looking for the last bit of confidence they require to make their purchase decision.

But before the time they speak to someone, the consumer has already used 8-10 different resources in their buying journey to help them gain the confidence they need to move forward to open an account or apply for a loan.

These resources might include:

- **A Google search**
- **Your website**
- **A competitor's website**
- **Online consumer reviews**
- **Asking for recommendations via social media**
- **Talking with their friends and family**

Considering the critical role your website and other digital channels play in helping to guide a consumer to open an account or apply for a loan, I would now like you to conduct a second exercise.

Review your website's key product page copy, including:

- **Checking accounts**
- **Auto loans**
- **Mortgages**
- **Credit cards**
- **Small business products**

Copy and paste the text on these pages into a blank document and remove any mentions of your brand.

Now, repeat this same process for your primary competitors.

Once again, what common patterns do you find in the stripped-down product copy examples?

When using these exercises in our engagements with clients, the same patterns emerges. After asking the question from the first exercise (in 30 seconds, tell me why I should open an account at your financial institution), we hear the same responses:

1. We have great rates.
2. We have amazing service.
3. We offer some great products with FREE _____.

During the second exercise, we find no differentiation between our client's product page copy with their competitors. In fact, many people cannot even identify their own financial institution's product amongst the competition. At the conclusion of these exercises, we rhetorically ask, "If you cannot even distinguish your credit union from your competitors, what makes you think a typical consumer can tell the difference?"

We understand how hard it is for your bank or credit union to stand apart when you are promoting the same things as everyone else. But there is a better way to tell your story and rise above the commoditization of financial services.

The Solution: Tell a Digital Story That Sells

I recently spoke about the importance of Digital StorySelling to over 500 financial marketers at the CUNA Marketing and Business Development Council Conference.

And in under seven minutes, I outlined how banks and credit unions can grow by going beyond the traditional narratives they are currently telling.

In a digital economy, where financial services are commoditized, banks and credit unions can no longer play the role of the heroes in the stories they tell.

This unconventional approach to marketing and sales does, however, require a radical shift in the way banks and credit unions position themselves. And we have found this change makes some executives very uncomfortable.

But we believe that those who lean into their discomfort will be the ones who discover a new way to lead their bank or credit union into future digital success.

By James Robert Lay, 1st July 2015. Reproduced by kind permission of CU Grow

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