



**POLICY AND RESOURCES SCRUTINY COMMITTEE –
21ST JANUARY 2014**

SUBJECT: NOTICE OF MOTION – PAYDAY LOANS

**REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151
OFFICER**

1. PURPOSE OF REPORT

1.1 Committee is asked to consider the Notice of Motion as set out in paragraph 4.1 of this report and make appropriate recommendations to Council.

2. SUMMARY

2.1 A Notice of Motion has been received from Councillor Colin Mann in relation to payday loans.

3. LINKS TO STRATEGY

3.1 The Notice of Motion meets the criteria set out in the Council's Constitution and in accordance with the Council's Rules of Procedure is now referred to Committee for consideration.

4. THE REPORT

4.1 Councillor Mann requests in his Notice of Motion that the Council agrees: -

- a) To block access to payday loan company advertising from all its computers that are public and non-public facing including office computers and community facilities such as libraries and community centres.
- b) That this Council lobbies the Welsh Government to legislate for all local authorities to ban access to payday loans and also to call for a cap on chargeable loan rates.
- c) That pressure be brought on the banking industry to offer affordable short-term loans as an alternative to payday loans. Council would also encourage all residents, who are not already members, to join a Credit Union so that they can benefit from services offered, including affordable loans.

4.2 Members should note that advice has been sought from the Acting Head of ICT and Customer Services and whilst it is possible to block access from Council computers to payday loan websites (subject to a list of such companies being maintained), it is not possible to block adverts as this would require a blanket ban on all advertising.

- 4.3 By way of supporting information Councillor Mann requests that Council notes: -
- a) That payday loans are often used by the most poor in society and that companies can charge up to 5000% APR leading people into further financial trouble.
 - b) Wales makes up over 5% of one payday loan firm's total UK customer base.
 - c) As a result of payday loans, the number of people across Wales struggling with debt has increased by 599% according to the Citizens Advice Bureau.
 - d) Many local authorities have taken action by blocking access to payday loan websites from all public and non-public computers including those in libraries and community facilities.
 - e) The Welsh Government's evidence, submitted to the Office for Fair Trading's consultation, to refer the payday loan market to the Competition Commission.
- 4.4 Councillor Mann also requests that Council recognises that due to significant advertising via print media and television etc. blocking access to payday loans from local government computers may be largely symbolic. However, this Council would urge universities, central government, schools and other public sector bodies to implement similar bans on access, which would significantly strengthen the effect of the ban in Caerphilly CBC and other local authorities.
- 4.5 The Notice of Motion is supported by Councillors L. Ackerman, R. Gough, L. Binding, J. Roberts, M. Sargent, J.A. Pritchard, J. Fussell, L. Whittle and A. Angel.

5. EQUALITIES IMPLICATIONS

- 5.1 Unaffordable debt is a more significant issue for the vulnerable groups in society, such as older people, people with learning disabilities or low literacy levels for example, as they may not fully appreciate the consequences of payday loans.
- 5.2 The Notice of Motion therefore directly links to the Council's Strategic Equality Plan and also the single integrated plan "Caerphilly Delivers", through the Prosperous Caerphilly theme and the crosscutting themes of tackling poverty and inequality.

6. FINANCIAL IMPLICATIONS

- 6.1 There are no direct financial implications for the Council arising from this report.

7. PERSONNEL IMPLICATIONS

- 7.1 There are no direct personnel implications arising from this report.

8. CONSULTATIONS

- 8.1 There are no consultation responses that have not been reflected in this report.

9. RECOMMENDATIONS

- 9.1 Committee is asked to consider the Notice of Motion outlined in paragraph 4.1 of this report and make appropriate recommendations to Council.

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Consultees: Stuart Rosser, Interim Chief Executive
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Dan Perkins, Head of Legal and Democratic Services
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Cllr. Keith Reynolds, Deputy Leader/Cabinet Member for Corporate Services