Review

BCCA representing UK short-term lenders, credit brokers and cheque cashers

Our Quarterly Magazine
Issue 67 - Winter 2014

Sponsored by

Helping members through the transition – OFT to FCA

Inside this edition

2014 Training plan • Price cap analysis • FCA Responses

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In this edition

cashconverters
convert your thinking

Cash Converters join BCCA

We are proud to announce that Cash Converters has joined BCCA this year.

Rachael Corcoran Chief Executive of BCCA said *'Cash Converters is a well recognised brand on the high street and we are very pleased that they have decided to join us at a very critical time for the industry and indeed BCCA.'*

Michael Osborne, CFO at Cash Converters commented *'We are pleased to be joining BCCA at a time when the industry needs to work in much closer collaboration to succeed and deal with the challenges across the various products and services we offer to consumers. We hope to achieve mutual benefit out of the relationship and look forward to working with BCCA and its members.'*

Welcome • to Review

A note from our CEO

Welcome to the first edition of Review in 2014. This year promises to be an exceptionally challenging year for all our members whether they are engaged in third party cheque cashing or short term unsecured lending. The regulatory agenda for consumer credit with the transfer of its regulation from the Office of Fair Trading (OFT) to the Financial Conduct Authority (FCA) should be the top priority for all members who engage in any form of consumer credit activity and wish to continue to do so post 31 March. I would like to take this opportunity to remind members of the importance of registering for interim permission with the FCA before this time if they want to continue offering consumer credit.

"...the transfer of regulation from the Office of Fair Trading (OFT) to the Financial Conduct Authority (FCA) should be the top priority for all members..."

Member guidance

Last year we started to issue a number of BCCA member guidance documents to help members prepare for the changes ahead. This included a guidance document on the 'Principles for Business' (PRIN) and also a timetable so that members are very clear what the implementation deadlines are (based on the proposals, 1 July will be a key date for many of the sector specific, high-cost short-term credit provisions) so this document is worthy of review. Members can access all of this information via the Members Only section of our website. I am also pleased to announce that in the next couple of months we will be launching other guidance documents on 'Senior Management Arrangements, Systems and Controls' referred to as 'SYSC' in the FCA Handbook and 'General Provisions' known as 'GEN'.

Member training

Members will need to change and adapt the culture of the business in light of the transition and training staff should be treated as a key priority. You will note from our training plan which can be found on pages 18 and 19 that we have placed real emphasis on assisting members with the changes as a consequence of the transfer alongside some of the more challenging aspects such as affordability assessments.

Price capping

Late last year the short term lending industry was dealt an unexpected and devastating blow when the Government announced that the FCA would introduce a price cap for high-cost short-term credit providers which had to be effective from 2 January 2015. Ray Watson, Director at Walker Morris provides an insight into this on page 12. This is an additional issue that the sector has to manage and we will be working closely with the FCA on this throughout the course of this year.

Third party cheque cashing

• Bank accounts being withdrawn

For our third party cheque cashing members, what has been infamously referred to as 'the banking issue' continues to rumble on. We have seen a very small number of members in the last couple of months who have bank accounts with banks other than 'Barclays' advise us that they have been put on 60 days notice with respect to the closure of some or all of their business banking. This issue is crippling our smaller members who make this market competitive and we are continuing our efforts regarding this. We have contacted over 50 banks and financial institutions in the last couple of months alone to see if they would be willing to accept MSB's and particularly our members. Unfortunately, to date we have not had any success. All our other actions and developments are detailed in *Insight – the confidential extra for members only* and we would ask members to watch out for articles on this subject in Insight going forward. For previous articles on this issue, please refer to editions 65, Summer 2013 and 66, Autumn 2013 of Review.

• New cheque scanning proposals

Members may have also noted from Insight that the Government announced over the Christmas period that they will be consulting on introducing legislation to speed up cheque payments seemingly making it easier for businesses and consumers. They state that by using a Smartphone to send a picture of the cheque to the bank to pay it in means that they could be processed in two days. We will keep a close eye on the progression of this given that it may have negative implications for members.

I would like to take this opportunity to reassure our members that we will do our utmost over the next 12 months to ease the transition from the OFT to the FCA and will continue to represent our members with respect to the banking issue.

Membership of BCCA in 2014 is absolutely crucial and we would urge all members to stay on board.

Rachael

BCCA Conference 2013

"On the Edge?" our 2013 Conference at the Midland Hotel in Manchester was a huge success and we would like to thank all those who attended the event for making it the hit it was.

Those who attended were treated to another record breaking year from our trade exhibitors and had the opportunity to listen to the varied speakers.

Once again, the Conference attracted a mixture of members. In addition non-members representing other businesses, for example in the technology, legal and debt counselling and collection areas were present.

"Great location and interesting speakers"

"Speakers very good, day wasn't too long"

"All good advice, thank you, very useful"

Our sponsors and speakers

We would like to thank our speakers Ray Watson of Walker Morris LLP, Gaby Devereux from CIFAS, Jill Hulme of JLH PR Limited and Chris Woolard, Director of Policy Risk and Research at the FCA.

In addition to the above main speakers there were presentation contributions from our main sponsors, Callcredit Information Group, Corelogic Teletrack UK Ltd, GB Group plc and Realex Payments of London.

Finally our thanks must also go to Business Insurance Services Ltd, SLL Capital Ltd, CIFAS, Paypoint.Net and Walker Morris LLP whose sponsorship of various items was greatly appreciated, together with the trade exhibitors who provided us with a superb show.

Conference feedback

We would also like to thank all delegates who took the time to complete and return our feedback forms. These continue to provide us with valuable insight into what you want from our conferences.

For those who were unable to attend, the presentations can be provided on request. In addition if you would like a delegate pack please contact Brian Corke at brian@bcca.co.uk or call him on 01925 426092 for either the pack or a presentation.

2014 Conference

Finally this year's event is at the early stages of planning and we already have a number of sponsors and exhibitors booked.

We are in the process of arranging this year's event for October but watch this space, and the website for further details.

FCA Responses

BCCA submits responses to Financial Conduct Authority (FCA) consultations

Detailed consumer credit proposals

Since the last edition of Review we have submitted a very substantial response to the FCA's consultation paper, *'CP13/10 - Detailed proposals for the FCA regime for consumer credit.'* This was arguably the most important consultation paper response that we have had to submit given the range of implications that some of the proposals, if they were to go ahead, will have on our members. This was one of the reasons why the response ran to some 29 pages!

In order to inform our response, we consulted with members through a number of forums. In addition, members had the opportunity to submit their comments via email. We were very pleased that a number of members did this.

We also managed to submit the response on 22 November, well before the 3 December deadline.

If members would like to review this document, it can be found in the Members Only section of our website.

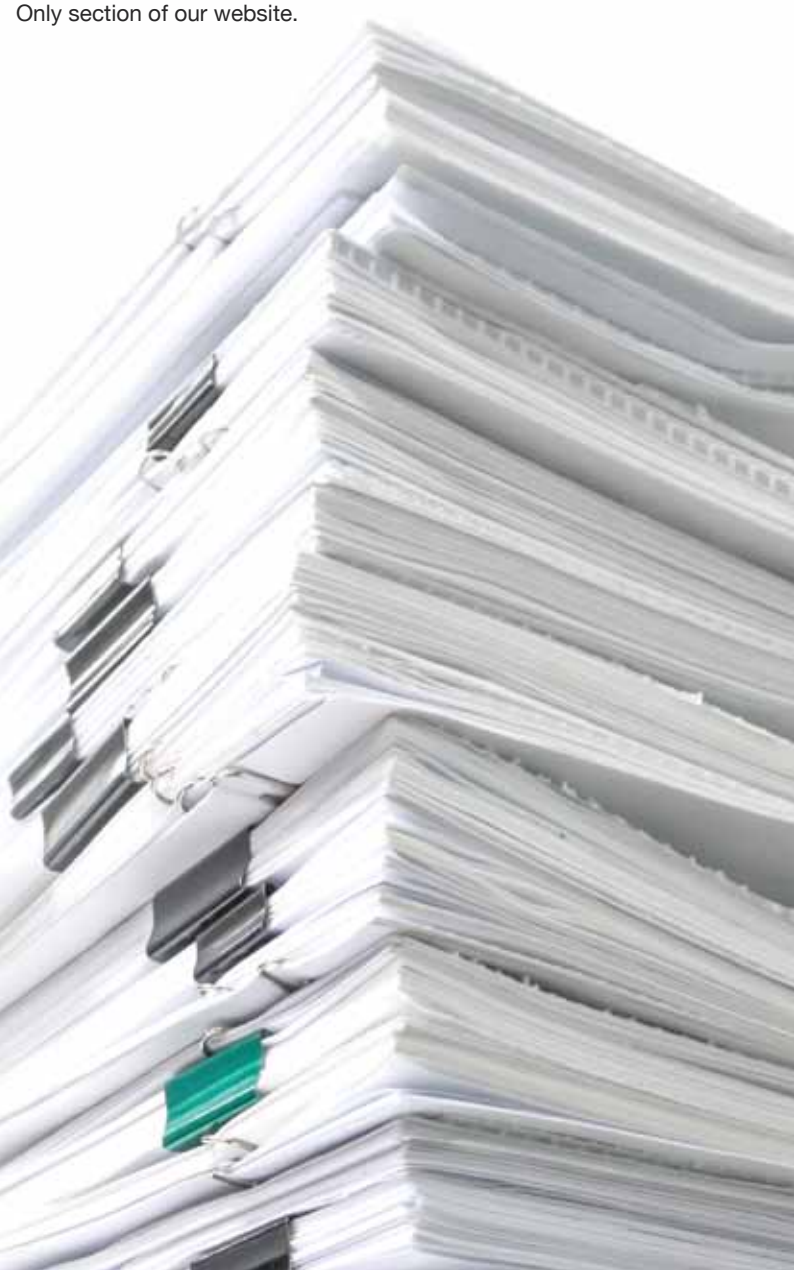
> Had the proposals gone ahead, it would have stimulated market exit and been a barrier to entry for new firms

Regulatory fees consultation

In addition to the above consultation, the FCA also opened another consultation; *'CP13/14 - Regulatory fees and levies: policy proposals for 2014/15'* with a closing date of 6 January. From our members perspective, the most important part of the consultation paper was Chapter Two which referred to consumer credit fees and where it made specific fee proposals in relation to applications for authorisation.

It is fair to say that the original proposal of a flat fee of £10,000 for high-cost short-term credit providers (and others) which were categorised as 'complex' applications created widespread concern, particularly from smaller members (there were other consumer credit fee categories proposed – 'straight forward', 'moderately complex' and initially 'very complex'). Many members said that this type of cost would simply price them out of the market. Had the proposals gone ahead, it would have stimulated market exit and been a barrier to entry for new firms.

However, during the consultation process and in light of much concern expressed by the consumer credit industry, particularly at the FCA roadshows in November, the FCA announced a supplementary consultation paper *'CP13/14 supplement - Regulatory fees and levies: policy proposals for 2014/15* - revised proposals on consumer credit application fees' which proposed merging the 'complex' and 'very complex' fee category into 'complex' and substantially reducing the fees – rather than a flat fee for a complex application for authorisation, the fee would be based on a firms consumer credit income – so those generating less consumer credit income paying a much smaller fee. We are pleased that the FCA has taken this approach and recognised early on in its consultation process that the approach they had taken was fundamentally flawed. Our response (which had to be submitted by 16 January) and indeed a summary of the original proposals on FCA Regulatory fees can be found in the Members Only section of our website.



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What the changes mean to me

A members perspective on the regulatory changes in UK consumer credit market

Merle Oper
Founder/COO
Umbrella Loans Ltd

We asked one of our members, Merle Oper, Founder and Chief Operating Officer at Umbrella Loans Limited who operates in the online short-term lending space to give us her perspective on the regulatory changes ahead.

"The year of significant change for the UK consumer finance sector has commenced. For the payday sector it started early last year, with the OFT launching its investigation into the sector. The payday snowball has since gathered much speed and weight through constant pressure from politicians and press. However I do believe that with the imminent change of regulator, and the level of supervision involved for firms authorised by FCA, the hype will eventually subside like with other developing sectors that have at some point carried similar stigma. Focus must shift back to the fact that payday has become an essential part of the consumer credit market.

> **Focus must shift back to the fact that payday has become an essential part of the consumer credit market.**

At first, I thought FCA's approach seemed rather Machiavellian, but as they are getting to understand the sector and seeing the highly varying size of businesses involved, it is encouraging to see signs of proportionality being applied, when considering some proposed rules and especially the revised proposals for consumer credit application fees, as announced by FCA in December 2013.

The lengthy responses written to FCA consultation papers together with a number of discussions held with BCCA, seemed to have worked, as we "the small guys" also appear to have been heard. The decisions relating to potentially game changing matters such as the price cap, definition of payday to include instalment product, CPA and rollovers are yet to be unveiled by FCA, and it's difficult to comment prior to clear rules around those areas being announced.

FCA's initial thoughts on those matters caused significant concern for every lender, however the fact that we haven't heard anything definitive about those areas, could be viewed as positive - hopefully due consideration is given prior to final decisions.

Price capping of course is another matter altogether and it remains to be seen what will be imposed. Before the final consultation is published there is still time to be proactive, and I cannot emphasise enough, how important it is for all lenders to get involved and to participate in any discussion, event, response, webinar etc, that can be thought of. Once the rules are in place it will be too late.

The most concerning matter about the upcoming change is that the proposed timescale seems quite unforgiving. It is highly likely that the payday sector will be one of the first to go through the new authorisation process under the new regulator and with the final consultation being published at the end of February, there are only a couple of months to get the basic preparation done and then potentially only a month to comply with the new sector specific rules as well as the highly complex rules of FCA Handbook. There will be little time for anything else in the upcoming months.

Pessimists say this will be the end of payday. Although I predict that a high number of companies will exit the market, those who stay will have a much better understanding of their business in addition to in depth compliance and operational knowledge that this process will teach us. We are forced to re-evaluate our business models and practices and change the way we think about running our companies. With the risk of sounding too optimistic, there are significant benefits to be unravelled from this transition. The downside is that without sufficient funding, it will be challenging if not impossible for even the most resourceful entrepreneurs to go through the transition period and remain profitable.

Change is inevitable and adaptability is fundamental to success in any area, so no point dwelling on how inconvenient this is, it will happen and it's up to us to keep up or stay behind. After all, if it was easy, everyone would do it."

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BIS Select Committee hearing – Payday Lending

On 5 November, the BIS Select Committee held a one-off evidence session on the regulation of payday lending. In essence this followed on from some of the issues raised in a report on debt management in 2012. In attendance were representatives from the industry (Consumer Finance Association (CFA), Consumer Credit Trade Association (CCTA) both of which brought a lender from their membership. Wonga also gave evidence 'as one of the largest payday lenders'). We were not invited to the hearing. In addition, representatives from consumer groups gave evidence – this included Citizens Advice, Which?, Stepchange and moneysavingexpert.com followed by the Office of Fair Trading (OFT), Financial Conduct Authority (FCA) and Jo Swinson MP, Minister for Consumer Affairs at the Department for Business, Innovation and Skills (BIS).

The hearing was televised and subsequently the Committee's Report, along with a transcript of it and additional evidence were published on 20 December. This attracted some publicity. The Committee made ten recommendations which included a limit of one rollover for each payday loan and they stated that if real-time data sharing is not established by July 2014, the FCA will mandate its use as a condition of trading in the sector.

For more information, including a full list of the Committee's recommendations, go to:

www.parliament.uk/business/committees/committees-a-z/commons-select/business-innovation-and-skills/news/on-publ-payday-loans

Keep your details safe!

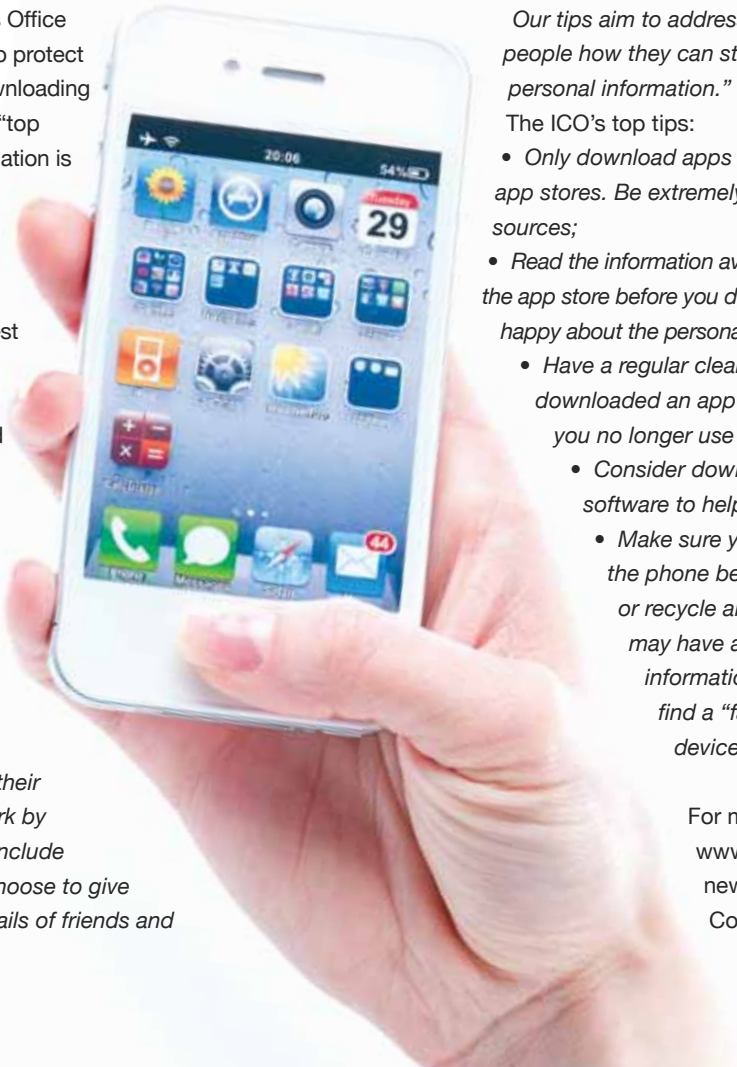
Beware when downloading mobile apps!

The Information Commissioner's Office (ICO) has warned consumers to protect personal information when downloading mobile apps, as well as providing five "top tips" for ensuring your personal information is secure when using them.

2012 saw 328 million apps downloaded on Christmas Day alone, and with the festive season now over many people will have received the latest tablet PC or smartphone and will be looking to download the latest apps.

An online survey by YouGov carried out on behalf of the ICO found that 49% of all app users have decided NOT to download an app due to privacy concerns.

The Principal Policy Advisor for Technology at the ICO, Simon Rice, said: *"Apps do all sorts of weird and wonderful things, helping someone chat with their friends, find a local restaurant or see what's on at their local cinema. However, they often work by using personal information. This can include information you would not normally choose to give out to a stranger, such as contact details of friends and relatives and details of your location.*



Our tips aim to address this concern by showing people how they can stay in control of their personal information."

The ICO's top tips:

- *Only download apps from official and trusted app stores. Be extremely careful of using untrusted sources;*
- *Read the information available about an app in the app store before you download it. Check you are happy about the personal information it will be using;*
- *Have a regular clear-out. Many of us have downloaded an app and only used it once. If you no longer use the app, uninstall it!;*
- *Consider downloading mobile security software to help keep your device secure;*
- *Make sure you erase any apps from the phone before you donate, resell or recycle an old device, as these may have access to your personal information. You should be able to find a "factory reset" option in the device settings.*

For more information go to www.ico.org.uk/news/latest_news Source: Information Commissioners Office.

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KEY QUESTIONS TO BE ADDRESSED

- What impact will the FCA have?
- What are the constraints of stricter regulation?
- What is the true cost of compliance?
- How do I create a viable route to market and customer interface?
- What are key market trends for 2014?
- Would adopting a mobile strategy boost business?

WHO SHOULD ATTEND?

- Cheque cashier providers
- Credit unions
- Crowdfunders
- Home credit providers
- Pawnbrokers
- Payday lenders
- Peer-to-peer lenders
- Rent to own lenders
- Short term loan providers

SPEAKERS INCLUDE

Richard Carter
Nostrum Group

Russell Hamblin-Boone
Consumer Finance Association

John Lamidey
Arminius Associates

MAKING IT CLEARER

**Non suppliers only. The definition of supplier and whether an individual classes as a supplier for this event is at the discretion of the organiser.*

CONFERENCE AGENDA

Panel: Trends and developments in alternative lending
- Guarantor loans – assessing take up and evolution of the product
- How will credit unions adapt to a more rigorous regulatory landscape?
- Exploring and evaluating sustainable business models for payday lenders
- Reviewing your balance sheet – moving towards a longer but more dependable returns profile
- What might prevent new players entering the short term lending market?
- Continuous payment authority (CPA), interest rate caps and roll overs

***Rachael Corcoran**, chief executive officer, BCCA*
***Russell Hamblin-Boone**, chief executive, Consumer Finance Association*

Panel: Systems and approaches to support accurate lending decisions
- Data-driven solutions to assess risk and affordability
- Income validation and credit assessments
- Moving towards daily or real-time reporting and sharing of data
- Facilitating rapid decision making – rollover vs. debt management plan vs. repayment plan
- Expanding the role of credit reference agencies
- Predictive analytics for accurate customer profiling

***John Lamidey**, senior partner, Arminius Associates*

Panel: Peer to peer lending and crowdfunding – the future of finance?
- Is P2P lending a viable alternative to traditional banking?
- Unsecured vs. secured lending
- Dealing with defaults
- FCA regulation and examining the grey areas
- Protecting intellectual property (IP) and critical IP considerations
- Structuring investment in crowdfunding deals
- Projections for growth over short and medium-term
- Small business view: how to successfully pitch to a crowdfunding site
- Clarifying Section G – why is it causing confusion?

***Lee Birkett**, chief executive officer, eMoney Union*

Panel: Rising to the challenge of marketing and advertising of products in the alternative lending sector
- Communicating your message effectively – turning around negative perceptions
- Ensuring compliance in advertising – subtleties of what can and can't be said or portrayed
- What advertising restrictions might come into place in 2014/5?

Panel: Going digital
- The digital consumer – how customers drive demand for online agreements
- Digital signatures and eSignatures – facilitating rapid decisions
- Mobile payments
- The self-service call centre

***Richard Carter**, chief executive officer, Nostrum Group*

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Populism makes bad policy: price caps for credit

Ray Watson of Walker Morris LLP gives his views on the announcement of a price cap for the payday loan sector

"Among all the various announcements of new rules and restrictions to be imposed on those offering "payday" loans, by far the most surprising was made completely unexpectedly in November last year. Out of the blue, and in a dramatic change of policy, the government announced that a price cap would be introduced for payday loans. In announcing this move, Chancellor of the Exchequer, George Osborne said:

"We have created a powerful new consumer regulator to regulate the payday lending industry and now we're asking them to set a cap on the cost of credit. That will make sure that hardworking people are served by the banking system. It is a far change from the situation we inherited, where the industry was almost entirely unregulated."

Leaving aside the complete inaccuracy of the last part of the above quote, the intention of the government is clear. It will require the FCA to formulate a price cap. This has subsequently been confirmed in published correspondence between HM Treasury and the FCA.

Before looking at the FCA reaction to this and considering why the government's position has changed, it is worth reviewing the history of this issue.

The imposition of a price cap was considered by the previous government at the time of the passage of the Consumer Credit Act 2006 and by the current regulator of consumer credit, the Office of Fair Trading, in its High Cost Credit report published in 2010. It was considered again in a report by the University of Bristol which was commissioned by the present government and by the Financial Conduct Authority as part of its proposals for regulation of consumer credit going forward. All of these in depth reviews of the issues involved came to the conclusion that a price cap was not a suitable tool for the high cost market. Fundamental concerns about the impact of a cap on access to credit for lower income consumers and the difficulty in setting a cap at a level that reduced the cost paid by consumers underpinned this conclusion.

So, to be clear, the FCA did not support a price cap. The creation of a cap is not the course that an intelligent regulator armed with all the arguments and evidence from previous reviews considered appropriate. It has had the policy imposed on it by the government.

Which leads us to ask the obvious questions: why has the government position changed? What is the new evidence that trumps all the previous reviews?

The government press release issued in November contains the following rationale for the new policy on caps: "... growing evidence in support of a cap and emerging lessons from other countries - especially the cap on costs introduced in Australia this year"

The growing evidence is not presented and it is hard to imagine that such a major shift in policy can be based on such thin evidence as the effect of a very new cap in Australia. It is even harder to imagine that the FCA would not have had access to the information from Australia.

In my view the only rationale for this announcement is the likely popular reaction it would receive.

The FCA in response to the Treasury has indicated that this is a complex issue which it will look at carefully and in consultation with all interested parties. Stripping away the required politeness this seems to me to be code for: we will do it our way. This gives some reason to be optimistic.

What worries me greatly, however, is that at government level there is clearly a lack of understanding of the high cost credit sector. Access to credit for consumers in the sector is limited and cutting off access gives rise to the very real risk that such consumers will be forced into the unregulated lending market where they will suffer horrendous abuse. Restricting access to legitimate credit is not a consumer protection tool. It is quite the reverse. The government knows this as all the evidence is there in the report on high cost credit published by the OFT in 2010.

And finally, to add salt to the wound the government did not need to provide for a general price cap to control excessive prices. The FCA has been given a powerful array of regulatory powers by the government. Those powers include the ability to control prices where necessary – a flexible tool rather than a blanket price cap – having regard to market conditions and the activities of suppliers. The FCA can take bad businesses out of the market and can ensure good outcomes for consumers. It cannot prevent the adverse effects of a general price cap.

What this all means is that the price cap is unnecessary, poses a potentially serious threat to consumers who are most at risk, and is based on a political instinct rather than an evidence-based case. All of which is a bad recipe for regulation. Time will tell how the price cap affects the credit market. Given that the government believes that pay day lending was unregulated before it set up the FCA there is no great cause to be confident that this is a sensible or intelligent move on its part."

Ray Watson – Biographical Note

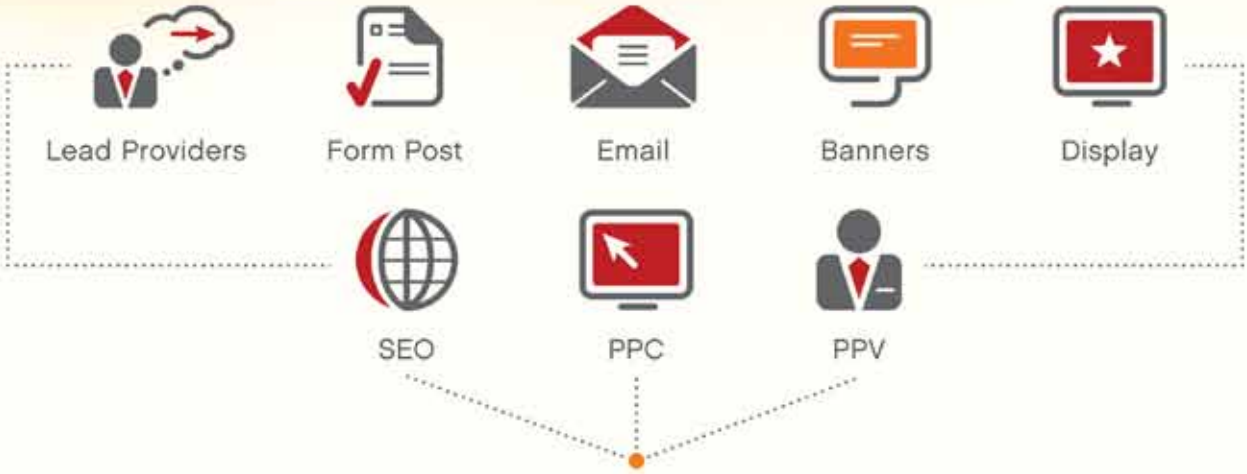
Ray joined Walker Morris in September 2012 after a 28 year career at the Office of Fair Trading. His current role involves offering advice to clients on consumer credit regulatory issues and compliance.

While with the OFT Ray held a number of senior management roles including being the Director of the Consumer Credit Group between February 2008 and April 2011. In that role he oversaw the implementation of the Consumer Credit Act 2006 and the European Consumer Credit Directive. He was also the Project Director for the OFT's review of high cost credit.

Ray's expertise offers unique insight into the UK consumer credit regulatory regime and enables the team to offer clients unrivalled resource in terms of financial advisory and audit services.

HAPPY NEW YEAR!

We want to work with you in 2014



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The mysteries of audits explained to lenders

Andrew Millet, Director of Wisteria Chartered accountants, answers some questions about the audit process that will prove helpful to our readers.

What is an audit?

An audit is an independent examination of the financial report of an organisation. This includes the financial statements, disclosure notes and directors report.

Do I need an audit?

The rules are complex but below is a simplification of the rules:

For year ends after 1 October 2012 Small independent companies are not likely require an audit. Small companies are

those where for this year and the preceding year two or more of the conditions are met:

- Turnover not more than £6.5m
- Balance sheet total not more than £3.26m
- Number of employees not exceeding 50

If your company is part of a group then you may want to review the thresholds and conditions with your accountant.

By law certain companies are always required to have an audit regardless of size: public companies; banks, insurance company, e-money issuer as well as others.

It is always the director's responsibility to determine if you need an audit so therefore it is strongly advised to review this annually, especially since the thresholds and conditions often change. Your accountants should be happy to assist you with this.

What are the benefits of an audit?

Apart from satisfying a statutory requirement an audit will:

1. Identifies weaknesses in your processes.
2. Provides assurance to directors and other stakeholders that the business is run well.
3. Add credibility and reliability to the numbers.

What do the auditors do?

The work involved in an audit will largely depend upon:

- The size of your business.
- The scale and complexity of your business.
- The risk associated with the underlying business.
- The processes and systems in place.

The auditors will spend considerable time planning the audit. The planning stage involves understanding the four points above and assessing the work that is required; the areas that require additional attention; the audit team that should be involved; and the budget and timeframe.

Auditors tend to use proven methodologies and systems to efficiently carry out an audit. Many auditors will also use PC based software to improve efficiency.

The auditors are not going to study every transaction for accuracy and completeness. They will however tend to select a suitable sample size in which to focus their work upon. They will also tend to want to substantiate transactions where possible with third-party evidence. Ie the bank balance with the bank statement; or a loan balance with sight of a contract; or the salary of a member of staff with their contract of employment etc.

The auditor will also provide valuable feedback relating to their work. This feedback will not only report any material errors and omissions but also areas that the business ought to tighten up on relating to processes and systems; or where weakness' exists.

How long does an audit take?

Typically an audit will take about a month to complete, however this will largely be dependent upon the availability of information and the complexity of the business.

About the Author

Andrew Millet BA MBA FCA is a Chartered Accountant, Director of Wisteria Chartered accountants and auditor. Andrew provides specialist advice to lenders and FCA regulated businesses. Andrew can be contacted at amillet@wisteria.co.uk or on 0208 952 0140. Wisteria can be found at www.wisteria.co.uk. Wisteria Ltd s registered to carry out audit in the UK by the Institute of Chartered Accountants in England and Wales

What happens when baby arrives?

Helen Watson, Partner and Head of Employment Law Team at Aaron and Partners LLP highlights some changes on parental leave.

"On Friday 29 November 2013, when announcing the upcoming changes to parental leave, Nick Clegg said that "women deserve the right to pursue their goals and not feel they have to choose between having a successful career or having a baby".

As such, the changes to parental leave are, in his opinion, required to ensure that women are supported by their employers and able to further their careers, without having the difficult choice between a career or a family life.

Furthermore, the deputy prime minister went on to say that "we need to challenge the old-fashioned assumption that women will always be the parent that stays at home". Not only does a woman deserve the right to a successful career, but a father should be entitled to be the primary carer to his child in the first year following birth.

For the above reasons, the changes to parental leave will allow parents the flexibility to decide between themselves how to share care for their child and maintain their employment standing.

Among the proposals in the Children and Families Bill 2012 – 2013 one of the key changes to be implemented is the extension of the right to request flexible working.

The right to request flexible working will be extended to all employees who have been employed for a period of 26 weeks or more, irrespective of the size of the employer. The employer will then be under a duty to reasonably consider the request within a reasonable period.

Employees will be entitled to make one request for flexible working in any 12 month period, although failure by the employee to attend two consecutive meetings to discuss a request will result in their request being automatically withdrawn.

Acas are also stepping in to publish a code on how to deal with flexible working requests which will recommend that employers arrange a meeting with the employee as soon as possible to discuss the request, allow the employee to be accompanied to the meeting and approach requests flexibly from a presumption that they will be granted.

Arguably the most important change to parental leave will be the introduction of flexible parental leave and flexible parental pay.

This will allow parents to share up to 50 weeks of leave between them. This is excluding the compulsory two weeks maternity leave to be taken by the mother immediately following birth. It will be at the parents' discretion to decide how they take their leave and whether it is to be taken consecutively or concurrently.

Fathers will be entitled to (unpaid) leave to attend up to two antenatal appointments. The current additional paternity leave will be abolished as its purpose will already be covered by flexible parental leave.

In terms of how flexible parental leave will be paid, the right will remain with employed mothers who are entitled to 39 weeks paid leave, of which 37 weeks can be taken through flexible parental leave. The same eligibility criteria of statutory maternity pay will apply.

In addition, adoptive parents who are matched with a child will be entitled to flexible parental leave as a "day one" right without any qualifying conditions and intended parents in a surrogacy arrangement will be offered all of the above rights, including allowing both intended parents (unpaid) leave for up to two antenatal appointments.

The main body of the changes to parental leave provide for advantages to employees but there are also requirements to be put in place to ensure that employers can maintain continuity of their business whilst offering their employees greater flexibility.

There will be a restriction on the number of times an employee can change their plans for taking parental leave through an allowance of three changes (including the original notification of intention to take parental leave). This will mean that the employer will be under no duty to accept changes suggested by the employee when they have already exhausted their allowance.

Employees will also be required to provide a non-binding indication of their expected pattern of leave as part of their original notification of intention to take flexible parental leave in order for employers to effectively plan business arrangements around the employee's leave.

Both parents will have 20 "keeping in touch" days which will be differentiated from the ten days already included in maternity leave.

In modern day Britain, there is no "one size fits all approach" to managing parental leave and it is important that families are able to tailor their rights to their individual circumstances. Many businesses already recognise that employees are more productive and motivated when they are able to work flexibly to build their talent and experience while remaining committed to their family life. With the new parental leave provision, it is hoped that this opinion will be shared by many more employers. Ultimately a more productive and motivated employee provides a significant boost for our economy.

The legislative requirements for shared parental leave and pay are within the Children and Families Bill 2012 – 2013 which first entered Parliament on 4 February 2013. On 20 November 2013 the passage was completed in the House of Lords.

The changes are expected to come into force in early 2015 and as such, in its response to the consultation, the government has said that they are preparing the secondary legislation with a view to publishing a draft before the Bill receives Royal Assent.

Although the changes are not yet in force, it is important to be aware of your rights now and your rights in the near future in relation to planning and taking parental leave to ensure that you utilise the best option open to you and your family."

For further information and advice in relation to parental leave, please contact Helen Watson on 01244 405565 or send an email to helen.watson@aaronandpartners.com.

BCCA Training & Events Plan for 2014

Date	Training	Cost	Length	Venue
Thursday 13 February 2014	Fraud Prevention	£150	13:30 – 16:30	Holiday Inn – London Sutton
Wednesday 19 February 2014	Assessing Affordability Sponsored by Callcredit Information Group	£150	10:00 – 12:30 (followed by lunch)	Holiday Inn - Birmingham
Wednesday 19 February 2014	The Shape of the FCA – Managing the Change	£150	13.15 – 16.00	Holiday Inn - Birmingham
Wednesday 26 February 2014	Complaints Handling	£100	10:00 – 12:30 (followed by lunch)	Safeloans Ltd, Croydon
Wednesday 26 February 2014	Anti-Money Laundering	£100	14:00 – 16:00	Safeloans Ltd, Croydon
Thursday 27 February 2014	CEO Regulatory Update	£75	10.00 – 12.30 (followed by lunch)	Daresbury Room, Portal Business Centre, Warrington
Wednesday 12 March 2014	Third Party Cheque Cashing Compliance Training including Anti-Money Laundering	£150	10:30 – 13:00 (followed by lunch)	Daresbury Room, Portal Business Centre, Warrington
Wednesday 19 March 2014	Debt Collection Workshop	£150	13:30 – 16:00	Daresbury Room, Portal Business Centre, Warrington
Thursday 27 March 2014	Media Training	£200	10:00 – 12:30 (followed by lunch)	Daresbury Room, Portal Business Centre, Warrington
Wednesday 9 April 2014	FCA Rules	£150	10:00 – 12:30 (followed by lunch)	Daresbury Room, Portal Business Centre, Warrington
Tuesday 15 April 2014	FCA Rules	£150	13:30 – 16:00	Holiday Inn - Birmingham
Wednesday 16 April 2014	FCA Rules	£150	10:00 – 12:30 (followed by lunch)	Holiday Inn - Hemel Hempstead
Wednesday 23 April 2014	FCA Rules	£150	13:30 – 16:00	Holiday Inn – Newcastle/Washington
Wednesday 21 May 2014	Third Party Cheque Cashing Compliance Training including Anti-Money Laundering	£150	13:30 – 16:00	Holiday Inn - Hemel Hempstead
Wednesday 28 May 2014	Assessing Affordability	£150	10:00 – 12:30 (followed by lunch)	Holiday Inn - Birmingham

Date	Training	Cost	Length	Venue
17 June 2014 (following Board Meeting)	'Summer Barbeque' Networking Afternoon	Free	13:30 – 16:00	Portal Business Centre, Warrington
18 June 2014	FCA Rules	£150	10:00 – 12:30 (followed by lunch)	Safeloans Ltd - Croydon
2 July 2014	Complaints Handling	£100	10:00 – 12:30 (followed by lunch)	Portal Business Centre, Warrington
30 July 2014	Fraud Prevention	£150	13:30 – 16:00	Holiday Inn – Newcastle/Washington
6 August 2014	FCA Rules	£150	10:00 – 12:30 (followed by lunch)	Holiday Inn - Birmingham
10 September 2014	'Get the most out of your BCCA membership' breakfast briefing with guest speaker	£25	10:00 – 12:00 (followed by lunch)	Portal Business Centre, Warrington
18 September 2014	Assessing Affordability	£150	10:00 – 12:30 (followed by lunch)	Holiday Inn - Hemel Hempstead
1 October 2014	FCA Rules and Authorisation	£150	13:30 – 16:00	Safeloans Ltd - Croydon
14 October 2014	FCA Rules and Authorisation	£150	13:30 – 16:00	Conference venue - TBC
15 October 2014	AGM & Conference	TBC	TBC	TBC
19 November 2014	Third Party Cheque Cashing Compliance Training including Anti-Money Laundering	£150	10:00 – 12:30 (followed by lunch)	Portal Business Centre, Warrington
3 December 2014	FCA Rules and Authorisation	£150	10:00 – 12:30 (followed by lunch)	Holiday Inn - Hemel Hempstead
4 December 2014	Complaints Handling	£100	10:00 – 12:30 (followed by lunch)	Holiday Inn - Birmingham
17 December 2014 (After Board Meeting)	'Mince Pies & Mulled Wine' Networking Event	Free	14:00 – 16:30	Portal Business Centre, Warrington

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