Blackfriars Advice Centre

Linking credit unions and money advice

The Blackfriars Advice Centre, Southwark Credit Union and Twinpier financial inclusion partnership project 2006

Paul A Jones
Liverpool John Moores University
May 2008

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Linking credit unions and money advice

A research report on the Blackfriars Advice Centre, Southwark Credit Union and Twinpier financial inclusion partnership Project 2006

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Foreword

My involvement with the project described in this report dates back to 2005, when as a policy and fundraising officer employed by Blackfriars Advice Centre (BAC), I submitted an application to the Friends Provident Foundation to evaluate the partnership initiative being carried out by BAC and Southwark Credit Union, which was supported by Barclays.

In 2005, joint projects of this nature were neither as prominent nor as prevalent as they are today, although the potential added value of such partnership approaches appeared to be self-evident. With the benefit of the valuable hindsight provided by this report and the experiences of other similar initiatives it is clear that such optimism was not misplaced.

However, as the report's findings demonstrate, it is crucial that simplistic assumptions should not be made regarding the ease with which arrangements between advice agencies and credit unions can be implemented that will effectively challenge the various aspects of clients'/members' financial exclusion.

The report highlights some key learning points for all organisations considering joint work in this field. In particular, it should be borne in mind that although advice agencies and credit unions share a commitment to promoting financial inclusion, they are substantially different entities with distinct attitudes to credit, debt, and borrowing.

It is a truism that good research should involve an objective, fair and fearless assessment of the subject being investigated. This report fully meets that description, and I am confident that the core aspiration underpinning the work, namely to use an individual case study to promote good practice across the piece, will be achieved. I would commend this report to all those who share a commitment to tackling the corrosive effects of debt and financial exclusion.

Finally, I would like to record my thanks to the late John Walsh, erstwhile director of BAC, erstwhile colleague and personal friend, for his support for this research project.

J. Fearnley

Jim Fearnley • Head of Research and Policy • Money Advice Trust

Acknowledgements

The Blackfriars Advice Centre (BAC) financial inclusion research project was initiated by Jim Fearnley, the then policy and fundraising officer at BAC and now the head of research and policy at the Money Advice Trust, and by Tina Barnes, the then business development manager of Southwark Credit Union Ltd. now the BERR[1] Financial Inclusion Fund programme manager at Citizens Advice. The author would like to thank Jim and Tina for their advice and ongoing support in the analysis of research data and for their contribution to the writing of this report.

Equally, he would like to thank all the people who participated in the project research, especially Kathy Wade, Christina Meacham and Vernica Massiah at BAC and Lakshman (Lucky) Chandrasekera, Joan Driscoll and Moji Oludairo at Southwark Credit Union and Chris Ledger, the manager of Twinpier Debt Management Agency.

The author would especially like to acknowledge the contribution of John Walsh, director of BAC, who tragically fell ill and died during the period of the project. John took over responsibility for the project after Jim Fearnley had moved to the Money Advice Trust and he enabled its successful continuation.

Special thanks go to all the beneficiaries of the project who participated in interviews and discussions and to advice agency and credit union personnel throughout the country who contributed ideas and reflections.

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Mark Lyonette, CEO, Association of British Credit Unions Ltd
John Mulligan, Grants Manager, Esmeé Fairbairn Foundation
Shlomo Levi, Director of Welfare Rights Support Services, London Advice Services Alliance
Andrew Matheson, Partnership and Policy Manager, Social Regeneration Unit, Southwark Council

The research team on the project consisted of Simon Rahilly and Paul A. Jones, of the Research Unit for Financial Inclusion in the Faculty of Health and Applied Social Sciences at Liverpool John Moores University. The report was written by Paul A. Jones.

The opinions, ideas and recommendations contained in this report are that of the author. They do not necessarily reflect those of Blackfriars Advice Centre, Southwark Credit Union or Twinpier Debt Management Agency.

1 BERR = the Department for Business Enterprise and Regulatory Reform.

Executive Summary

The Southwark Credit Union Money Advice Project (SCU-MAP) ran from November 2005 to November 2006. It offered a co-ordinated financial service to the people of Southwark by linking access to affordable financial services with the provision of money advice, aimed primarily at income maximisation and debt counselling. The project involved three partners, Southwark Credit Union Ltd. (SCU), Blackfriars Advice Centre (BAC) and Twinpier Debt Management Agency.

The following are the key areas of learning arising from the project:-

1. Establishing a vision and purpose

The money advice project arose out of a vision of linking up credit union and advice agency services in order to provide a pathway to financial inclusion and stability.

The money advice project arose out of a vision of linking up credit union and money and debt advice agency services [2] in order to provide a pathway to financial stability, particularly for those experiencing financial exclusion. It was clear that this vision has to be communicated and owned at all levels throughout participating organisations if credit unions and advice agencies are to work successfully together.

However, it was evident that generating a common vision and purpose can be challenging. A shared commitment to promoting financial inclusion can still mask differing underlying organisational assumptions, beliefs, perspectives and interests.

The expectations and concerns of all staff involved in joint working have to be recognised, explored and, if possible, resolved at the outset. Moreover, a shared sense of direction and purpose does not necessarily entail full agreement on every issue and detail; but rather, it should be based on a mutual recognition and acceptance of differing perspectives within the wider context of working together. In practice, expectations and concerns will have to be revisited continually through the life of any partnership project.

2. Managing referrals

At the heart of partnership working is the management of the process of referrals from the credit union to the advice agency, and vice versa. Partnership success depends on robust referral practices and agreed, preferably written, procedures.

Referrals made by credit unions to advice agencies:

- The project revealed the importance of making appropriate referrals to advice agencies. Some form of credit union filter or assessment system is needed if people are to be directed to the advice or support they need.
- Credit unions can sometimes fail to refer people who would have benefited from money or debt advice. Staff need to be able to identify the triggers that suggest a member could benefit from money or debt advice.
- Not every financial problem or difficulty requires a referral to an advice agency. There were examples of credit union staff supplying basic information that enabled members to make financial decisions without the need for referral.

2 BAC offers a money and debt advice service. Debt advice enables people in debt to explore and access various means of resolving their debt problems, whilst money advice is primarily concerned with income maximisation and assisting with the various financial problems clients may have. In distinction to debt and money advice, generic financial advice or money guidance (HMT 2008) is understood as a *"set of services and tools that use information about individuals' circumstances to help them to identify and understand their financial position and their needs and to plan their finances accordingly"*(FSA 2004, 2005) Typically, money guidance will include money management and budgeting, advice on savings, investments and borrowing and on longer term financial planning. In practice, however, there can be some blurring of boundaries among these definitions.

- There is a need for preparatory support in a credit union before the member and potential advice client attends an interview at an advice agency, in order to reassure the referred person and provide information about the referral process and what type of service to expect from the advice agency. In some cases, such preparatory support may even include a support worker accompanying a referred person to the advice agency.

- Efficiency in the making of advice agency referrals and appointments is critical to success. Despite the misgivings of some advisers, a priority referral system does enable a seamless service to be offered to a person in difficulty. In some credit unions, staff have access to advice agency appointment booking systems in order to enhance prompt and efficient referrals.

- There was evidence that some people preferred the telephone advice service offered through Twinpier rather than the face-to-face service offered by BAC. This preference was often expressed in terms of the immediacy, accessibility and anonymity of a telephone service. Others considered face-to-face advice to be more appropriate. Face-to-face advice was recommended mostly to people with larger and more complex debts. Having both options available was seen as important to the development of a flexible and holistic approach.

A shared sense of direction and purpose is based on a mutual acceptance of differing perspectives.

- Feedback on the quality and outcome of referrals from advice agencies was seen as important so that credit unions could offer a co-ordinated and supportive service to members. Feedback is dependent on obtaining member agreement that would allow data-sharing between the credit union and advice agency.

Referrals made by advice agencies to credit unions

Debt/money advisers differ in their approach to making referrals to credit unions. Some, as at BAC, take a cautious view and consider that they can only inform clients of the option of joining a credit union as one choice among many, and can therefore only give information about where to find out further details. Other advisers take a different view and proactively encourage clients to open credit union accounts as a key element in a longer-term approach to debt management and combating financial exclusion.

Advisers appear to take a cautious approach to referrals to credit unions for four main reasons. These are:-

- *Possible contravention of financial promotions legislation* – credit union savings and current accounts are covered by financial promotions legislation, and an adviser who makes a recommendation to join a credit union technically enters a legal grey area. However, Government stresses that advice agencies ought to act in the best interests of their clients and, with some basic safeguards, ought to avoid being so over-cautious in their approach to the financial promotions regime that financially excluded people lose out on access to affordable financial services.

- *Compromising agency independence through links with a financial institution* – for all agencies, independence is fundamental to service delivery. However, there are varying interpretations of what independence means in practice. For some advisers, independence entails maintaining a marked distance from credit unions altogether. However, for others, it allows for joined-up service delivery so long as it is acknowledged that, on occasion, an agency may have to act in the interests of a client in a way that may be against the interests of the credit union.

- *Recommending borrowing to get out of debt* – it is axiomatic among many debt advisers that overindebted clients should not take out additional loans, particularly in an attempt to reduce existing debts. However, others argue that ruling out borrowing altogether is too strong a position to take. There may be certain circumstances in which settling or reducing a debt with a further loan may prove advantageous to the client. In addition, sometimes people, even if overindebted, still depend on further credit to cope with emergencies or to manage the household budget.

- *Holding current, savings and loan accounts with a single banking services provider* - some advisers questioned the wisdom of low-income clients saving, borrowing and having wages or benefits paid into an account in the same financial institution. There was a concern that if clients had all their funds in a credit union and, for whatever reason, defaulted on a loan, then the income on which they depended to live may be at risk.

In research discussions, it emerged that, where advice agencies take a more proactive approach to recommending credit unions to their clients, a different set of concerns can emerge. In such situations, these concerns are those of credit unions and relate to:-

Partnership training and induction for staff are essential to success.

- *Client expectations* - advice agencies can sometimes give clients unrealistic expectations of the assistance that can be afforded them by a credit union.

- *Credit union independence* – advice agencies can also sometimes give their clients the impression that a credit union will automatically offer them a loan. It has to be recognised that credit unions are independent financial organisations that have to take full responsibility for assessing loan applications and making loan decisions.

- *Credit unions as co-operative businesses* – a credit union is a co-operative and mutual financial institution established to serve its members. It is not a charity. Advice agencies need to ensure that the people they recommend to a credit union for a loan do have the full capacity to repay.

- *Managing loan default* – credit unions are concerned that advice agencies understand the impact of loan default on the operation and long-term sustainability of a credit union. An advice agency, in collaboration with the credit union, needs to agree an effective policy regarding how to deal with referred clients who subsequently default on loans to the credit union.

3. Staff induction and training

Induction and training for directors and staff members, both managerial and operational, on the purpose, operation and demands of partnership working are essential to success.

Staff induction and training is required at three distinct levels:-

- *The philosophical level* – this involves an exploration of the underlying values, principles and organisational culture that underpin advice agency and credit union operations. It offers an opportunity to examine the complex and contested issues and dilemmas that often arise for advisers and credit union staff when their respective organisations connect in partnership programmes.

- *The practical level* – this refers to the practical policies and procedures through which a linked service is delivered by advice agencies and credit unions. Induction and training relate both to the referral process and other relevant operational systems and also the range of services available at both the credit union and advice agency and how these can be accessed.

- *The specialist level* – in some credit unions, staff are trained in debt and money advice, not to replace the role of skilled advisers, but to enable them to identify debt issues and make referrals appropriately. Having advice agency staff members who are knowledgeable about credit union principles and operations can increase the awareness of credit union issues throughout the organisation.

4. Organisational capacity

Partnership working to promote financial inclusion places demands on the organisational capacity of credit unions and advice agencies. In relation to the present study, this issue surfaced in four key areas:

- *Advice agency capacity* – BAC is an extremely busy advice agency, and since the project ended, has lacked the capacity to prioritise credit union referrals. However, it is clear that partnership working depends on some form of unmediated credit union access to an agency's appointments system.

- *Credit union administration* – the SCU-MAP project enabled the credit union to embed money and debt advice into the credit administration process. It built on the existing practice of referring members to telephone debt helplines through the employment of a dedicated debt support worker. This worker was able to offer a personal support service to overindebted members and assist them in accessing BAC services. However, even though the value of this service was recognised, it was beyond the capacity of the credit union to continue this service after the funded project terminated.

A genuine solution to financial exclusion includes money and debt advice, access to affordable financial services and financial capability education.

- *Generic financial advice or money guidance* – neither BAC nor the credit union offered generic financial advice (FSA 2004, 2005) or money guidance (HMT 2008). The service provided by BAC was a debt and money advice service, but did not move into generic financial advice or money guidance as understood by the FSA (2004, 2005) or Thoresen Review (HMT 2008). However, evidence from beneficiaries confirmed that longer-term solutions to overindebtedness and financial exclusion depend upon access to generic financial advice as well as to debt and money advice and to financial services. Areas in which generic financial advice were sought by beneficiaries included basic budgeting, making choices in the financial market, and information on saving and current accounts.

- *Financial capability education* – the project also highlighted the need of beneficiaries for financial literacy or financial capability education. It became clear during the project evaluation process that a genuine solution to financial inclusion includes money and debt advice, access to affordable financial services and financial capability education. Developing financial capability was fundamental to enabling beneficiaries to move on into financial stability.

5. Developing a strategy

The project highlighted the importance of developing a strategic planning process if credit unions and advice agencies are to be enabled to work effectively in partnership. Ad hoc and unplanned approaches limit what can be achieved. Credit unions and advice agencies need to be able to formulate, on the basis of mutual understanding and transparency, clear action plans that facilitate visible and unambiguous benefits for themselves, for other stakeholder organisations and, importantly, for end-beneficiary credit union members and advice clients.

In some ways, the strategic possibilities of the project were compromised by its tendency to focus primarily on debt advice and access to loans. A greater understanding of the importance of savings, current accounts and insurance services in tackling financial exclusion would have opened up the project, not just to debt advisers but to other generalist, housing and welfare benefits advisers at BAC and therefore to many other end-user beneficiaries. Equally, at the credit union, the focus on debt issues specifically resulted in less stress being placed on the importance of income maximisation as part of the financial inclusion process.

Strategic development was also limited by a lack of clarity regarding the relationship between overindebtedness and financial exclusion. In some ways, this constrained the capacity of advisers to appreciate the implications of the financial inclusion agenda and, equally, of credit union staff to appreciate how overindebted members could be served with financial products and services, apart from loans, which would assist their move into financial stability.

6. Managing partnership working

The SCU-MAP project and other similar initiatives suggest that successful partnership working between money advice agencies and credit unions can be attained via the use of a variety of organisational models and structures. These range from models based on strong notions of mutual independence to those based on more fluid forms of interdependence. Some models tend to be flexible and informal, whilst others are structured and formal. Project analysis suggested that there is no right or wrong approach to partnership working, but that each approach is forged in particular circumstances, dependent on the values, interests and goals of the participating organisations.

The commitment of the board or trustees of participating organisations to partnership working is essential.

However, reflections on the SCU-MAP project, and discussions with credit unions and advice agencies elsewhere identified a series of elements that underpin success irrespective of which model of partnership working is adopted. These are:-

- The commitment of the board or trustees of participating organisations to partnership working.
- The engagement of both senior and operational staff in the partnership.
- A clear statement of the strategic direction, mission, goals and purpose of the partnership in response to the defined needs of potential beneficiaries in a particular locality.
- The identification of a named person responsible for partnership liaison in each participating organisation.
- A clear definition of roles and responsibilities in written protocols, operational procedures, service level agreements and terms of reference.
- The importance of prioritising the partnership in trustee, management and staff training programmes, and in general, planning activities designed to market the participating organisations.
- The acknowledgement and management of complex and contested issues in a way that does not undermine the partnership and compromise the wider mission to combat overindebtedness and promote financial inclusion.

7. Conclusion

The SCU-MAP project was a time-limited venture in a new and significant area of financial inclusion policy and practice. It both succeeded in serving a group of beneficiaries and in making a contribution to national thinking on good practice in credit union and advice agency partnership working. Increasingly, new partnership initiatives are emerging based on many of the learning points derived from the project.

Long-term solutions will inevitably depend on continuing external financial support, whether from Government or the private sector. However, there was some evidence from this project that existing, ‘silo-ed’, financial inclusion funding streams do not always promote effective partnership working. Distinct funding streams support credit union development, debt advice, generic financial advice and financial capability education. It is essential that all these elements come together in a strategic and holistic manner.

1 Introduction

A considerable volume of research has been carried out into the diverse realities of life on a low income, and has often focused on how poverty and financial exclusion are closely related and mutually reinforcing (Kempson, 1996, 2002; Jones 2001; Collard et al., 2003; Collard and Kempson 2005).

With no access to, or no usage of, the financial services that are taken for granted by most consumers, many people on low incomes have no choice but to pay higher charges on transaction services (Brown and Thomas 2005, Herbert and Hopwood Road 2006) and are also vulnerable to high-cost sub-prime lenders.

Exclusion from financial services is often the result of poverty (Carbó et al. 2005) but it can also lead to greater poverty and over-indebtedness. Moreover, deprived of money and debt advice, people on low incomes are often in the position of making poor money management decisions that compound and exacerbate financial disadvantage.

It was in order to tackle financial exclusion and the poverty that arises from overindebtedness that the Southwark Credit Union Money Advice Project (SCU-MAP) was created by Blackfriars Advice Centre (BAC) and Southwark Credit Union (SCU), in collaboration with the Twinpier Debt Management Agency. It was a project designed to link up money and debt advice with access to credit union financial services in order to provide a joined-up, holistic service to people in financial difficulty. Its area of operation was the London Borough of Southwark, currently the 19th (out of 354) most economically deprived boroughs in England and the sixth most deprived in London (Noble et al. 2008).

Poverty and financial exclusion are endemic in Southwark, the dynamics of which are compounded by the heterogeneous makeup of the population. Close to 40% of the Southwark population are from a black or minority ethnic community, compared with a figure of 29% across London as a whole. According to the 2001 census, 2% of people in the borough are new immigrants. A significant number of people claim welfare benefits, with the largest group of family claimants being lone parents. Children in Southwark are more likely to be living in poverty than elsewhere in the UK (Southwark Council 2007).

Poverty and financial exclusion are endemic in Southwark, the dynamics of which are compounded by the heterogeneous makeup of the population.

Through its outreach programmes within low-income communities, SCU was increasingly presented with people, already overindebted, either applying for further loans or coming to the credit union for help. Unable to offer people professional money or debt advice, SCU sought a new and innovative approach to integrating money and debt advice into the overall service it offered the community. The credit union already had referral links with the Twinpier telephone debt counselling service and often recommended people to contact the Consumer Credit Counselling Service telephone helpline. But it did not have any strategic partnership relationship with a money and debt advice agency that could be developed in the longer term.

It was for this reason that SCU approached BAC to pilot a money advice project that would enable the credit union to offer a money and debt advice service as part of its service provision. It was proposed that this project would be mutually advantageous as it would also offer the advice agency the opportunity of enabling its clients to access a pathway to financial inclusion and stability through credit union membership. With the subsequent involvement of Twinpier as the third partner, and the financial support of Barclays, the SCU-MAP project was established as a twelve-month initiative.

It was never imagined that the development of a partnership project between a credit union and an advice agency would be easy or straightforward. Given differences in organisational culture and purpose, and inevitable strains on capacity, credit unions and advice agencies face considerable challenges in forging effective working relationships in the interests of their members and clients.

In order to explore the impact of the project and the dynamics of effective partnership working, a research project was created to run alongside the money advice project. The aim of this research project, commissioned by BAC and supported by the Friends Provident Foundation, was to generate findings that would be of value to the wider credit union and money advice sectors. In fact, the dynamics of partnership relationships were already high on the credit union and money advice sectors' national research agendas and the research project was designed to inform national thinking on effective ways forward.

The SCU-MAP evaluation was able to generate a series of key findings on partnership working between credit unions and money advice agencies.

The SCU-MAP project, as is apparent in this report, had limited objectives, that for the most part it was able to achieve, despite the number of beneficiaries assisted being less than anticipated. However, it has to be recognised that the project was beset by organisational difficulties and constraints, virtually from the outset. The key leaders of the project, at SCU and BAC, both left to take up posts elsewhere, which impacted on the vision and direction of the project. Then, the director at BAC who took over responsibility for the project, John Walsh, tragically and suddenly took ill and died. This had a massive bearing on the organisation of both the money advice and research projects, as BAC was obliged to prioritise the maintenance and development of its core services.

Despite setbacks, however, the research project was able to generate a series of key findings on the organisational management of partnership working between credit unions and money advice agencies. Learning drawn directly from the experience of project participants, beneficiaries and stakeholders, has been able to assist credit unions and money advice agencies developing partnership working nationally[3].

SCU-MAP was led by SCU in partnership with BAC and Twinpier, whilst the financial inclusion research project was led by BAC.

3 Findings from the research have informed, for example, the ABCUL and Citizens Advice national partnership programme, CONNECT, linking credit unions and Citizens Advice Bureaux.

2 The Southwark Credit Union Money Advice Project

SCU-MAP ran from November 2005 to November 2006. It aimed to strengthen SCU's informal connections with BAC and to build a more established relationship with the Twinpier Debt Management Agency. Prior to the project, the credit union had realised that a new approach was needed if the increasing numbers of financially excluded and overindebted people approaching the credit union for help or for loans were to be assisted effectively.

Often a loan was not always in the best interest of such people and so the credit union needed a means of being able to refer people on for money or debt advice. For this reason, SCU approached BAC, and later Twinpier, to create SCU-MAP. The aim was to provide a holistic financial service by linking together access to affordable credit and the provision of money advice and debt counselling.

The aim was to provide a holistic financial service by linking together access to affordable credit and the provision of money advice and debt counselling.

For SCU, SCU-MAP was integral to the strategic development of its services in Southwark. At the start of the project, SCU was granting at least £3 million worth of new loans each year, mostly to people on low and moderate incomes. Before the project, SCU was already referring three or four members a month to money advice agencies. However, these referrals were not trouble free. With the workload and stretched capacity of BAC, for example, it was not always easy to secure appointments for people in need, and credit union follow-up on appointments was often intermittent and unsatisfactory.

For SCU, the project would secure a guaranteed number of designated money advice appointments at BAC, which would enable credit union-referred clients to be seen swiftly and in time to deal with their problems. The project would also ensure that Twinpier could continue to provide a flexible out-of-hours telephone advice service to those who were not able to attend a BAC face-to-face appointment or who preferred to use the telephone.

For both BAC and Twinpier, the project was designed to allow them the opportunity of offering their clients more than an immediate resolution of a crisis situation. Both agencies offer clients traditional debt advice and, like many advice agencies, interventions often occur at times of stress and severe financial difficulty. For both BAC and Twinpier, the partnership project opened up, or strengthened, the possibility of offering clients a way forward that would lead to greater financial stability in the future. By joining the credit union, clients would be able to open transaction, savings or loan accounts and work towards preventing similar crisis debt situations happening again.

For the original founders, therefore, the project was a partnership initiative that enabled each organisation to add value to the service it offered to its members or clients. For SCU, the project enabled a more effective system of advice agency referrals. For the advice agencies, it opened the way to offering access to credit union products and services as part of the money advice and debt counselling process. For Twinpier, this involved building on past experience, as suggesting credit union membership was already part of its counselling process. But for BAC, offering access to credit union products and services would introduce a completely new element into the debt counselling process. For many advisers, trained in a strong ethos of advice agency independence, this would be very challenging.

SCU-MAP tackled overindebtedness within the wider context of financial inclusion. It aimed to serve those already overindebted and financially excluded and those in danger of becoming excluded through increasing overindebtedness. Its methodology was holistic and connected to outreach work delivered via a range of community-based initiatives and high street-based organisations and initiatives such as Sure Start and Jobcentre Plus.

The aim was to deliver a joined-up service that would offer financial services and debt advice in combination, in response to the needs of local communities. Even though not explicitly stated, financial capability education underpinned the approach of the project and was to inform the way credit union staff and debt advisers interacted with members and clients. As project literature stressed, the aim of the project was to change a person's attitude towards money management and personal finance. The money advice project was, therefore, an intervention for change.

In summary, according to its business plan, as drawn up by SCU, the project had three stated key objectives:

1. To provide existing credit union members with access to money advice services.
2. To provide potential credit union members with a full financial support service that encompasses debt consolidation, money management, budgeting advice, access to affordable credit and a savings facility.
3. To provide people who have requested help from professional money advice services with access to a range of affordable financial services from Southwark Credit Union.

In reality, SCU-MAP was a small-scale pilot initiative to test out partnership working over a twelve-month period.

To achieve these objectives, the project employed a part-time debt support worker, accountable to SCU, to develop the partnership and to provide an outreach service at BAC and other community locations as required.

In reality, SCU-MAP was a small-scale pilot initiative to test out partnership working over a twelve-month period. Its total external funding was only £15k. Given this exploratory status, project objectives were relatively limited. BAC was engaged to reserve the equivalent of a one-hour appointment per week for SCU referrals and Twinpier to accept at least one referral per week from SCU. The specific targets that were set in the business plan were:-

1. 300 new adult credit union member accounts opened.
2. 40 credit union outreach sessions held at Blackfriars Advice Centre.
3. 60 credit union members referred for money advice or debt counselling.
4. 40 credit union members helped to resolve their immediate financial difficulties by Twinpier.
5. 50 appointments reserved by Blackfriars Advice Centre exclusively for credit union members (equivalent to one appointment per week over a 50-week ‘year’).

3 The Partners

The three partners within SCU-MAP were SCU (the lead partner), BAC and Twinpier. The research project that ran alongside the money advice project was led by BAC with the active participation of both SCU and Twinpier.

Blackfriars Advice Centre

Since the mid-1990's, BAC has served the people of Southwark and of the surrounding boroughs from its offices on Walworth Road. It has fifteen advisers who are split into teams for housing, debt, welfare benefits, Capitalise (face-to-face debt) and generalist work. The teams also provide advice through the many outreach services offered by the Centre which include Sure Start, GP surgery advice sessions and work with the local Irish and Bengali Communities. BAC sees over 400 clients for advice each month.

In the year immediately prior to the SCU-MAP project's inception (October 2004 – October 2005), BAC dealt with 6,955 debt-related issues.

Debt advice and income maximisation work have always been central to the work of BAC. Most advisers deal with debt issues as the need arises, but, in addition, the agency has a dedicated debt advice team of six LSC advisers who specialise in debt issues. BAC has a contract with the Legal Services Commission to provide specialist advice in the areas of debt, welfare benefits and housing. It is also one of the lead partners in the London-wide Capitalise face-to-face debt advice project, funded by the Government's Financial Inclusion Fund through the Department for Business, Enterprise and Regulatory Reform (BERR).

In the year immediately prior to the SCU-MAP project's inception (October 2004 – October 2005), BAC dealt with 6,955 debt-related issues.

BAC's debt advice service is open to all who visit the agency, irrespective of financial status or background. However, in line with advice agency experience elsewhere, BAC tends to focus its services on low-income and financially excluded groups. There is a broad tendency for less socially and financially excluded clients to favour the use of either commercial ('fee-charging') debt management companies or free-to-client telephone services such as Payplan, the Consumer Credit Counselling Service (CCCS), or National Debtline.[4]

This tendency is reinforced by the criteria attached to the major public funding streams that support advice agencies to prioritise financial inclusion activity. The Capitalise Project, for example, as a regional (London-wide) exemplar of a BERR/FIF supported project, is specifically designed by Government as a financial inclusion initiative to provide debt and money advice to financially excluded people experiencing debt and other financial problems (HMT 2004a). More stringently, Legal Aid is only available to those who meet certain financial eligibility criteria, which are intended to screen out those who are deemed to be able to pay for advice.

Given this context, the BAC director, when contacted by SCU about a possible money advice project, saw it as an opportunity both to reach out to a new group of clients, referred by the credit union, and also to add value to the BAC's own service provision within low-income communities.

Financial inclusion was high on the BAC agenda, and the project offered the opportunity of having access to the services of a credit union debt support worker, based in the BAC main

4 There are various reasons for this. Clients with a higher than means-tested benefit level income are more likely to have disposable income and therefore be 'suitable for' the Debt Management Plans (DMPs) offered by CCCS and Payplan. Also, users of telephone services in general tend to have reasonably high levels of articulacy and self-confidence, and are less likely to be subject to 'vulnerabilising' factors such as low levels of English language skills, substantial mental health problems etc.

office and at outreach sessions, who would be able to introduce clients to the benefits of credit union membership. Instead of just being an 'accident and emergency' service, BAC would have a means of offering long-term support to clients, many of whom were without access to savings, current accounts or affordable credit.

BAC recognised, however, that entering a partnership relationship with a credit union would not be easy. It was likely to raise many complex questions for the agency, for experienced debt advisers, and possibly for the credit union itself. These questions were regarded, even at the outset, as likely to include such issues as the independence of the advice process, the appropriateness of referrals to a potential creditor, the capacity of a credit union to support people already heavily overindebted (advisers regularly assist people with £30 - £40k of debt), the ethics of introducing a fast-track referral system for credit union referees, the effectiveness of referrals to the agency from a credit union (given the lack of formal training of those doing the referring) and possible credit union expectations about how bad debt to the credit union itself would be dealt with by advisers in the future.

In 2007, SCU members had collectively saved £3.8 million.

However, even though BAC acknowledged that the partnership might be open to a range of potential difficulties, misunderstandings and conflicts of interest, the perceived value of brokering access to BAC services for credit union members and of enabling BAC clients to access credit union financial services outweighed any possible hesitations.

Southwark Credit Union Ltd.

Southwark Credit Union (SCU), established in 1982, had by 2007 developed from a small employee credit union into an important community financial institution serving over 6,000 members, all of whom lived or worked in Southwark (Decker and Jones 2007). In that year, its members had collectively saved £3.8 million, £3.6 million of which was out on loan to other members in the community. On average, at the start of the project, SCU was granting 250 new loans, worth £250,000 to £300,000 in total each month.

Over the years, a series of amalgamations with small local credit unions and the development of a network of community outreach services had moved SCU increasingly in the direction of serving the low-income market, including people excluded, for whatever reason, from mainstream financial services. This move was strengthened by the implementation of a range of partnership projects with housing associations, community groups, Sure Start, Jobcentre Plus and others. In recent years, SCU's focus on financial inclusion has been strengthened by its participation in the delivery of the Government's Financial Inclusion Fund Growth Fund.

In general, an increased awareness of the link between poverty and financial exclusion has led many credit unions, including SCU, to rethink their operations in low-income communities. Traditionally, many credit unions argued that it was access to cheaper credit that enabled financially excluded people to free themselves from high-cost interest payments on debts to sub-prime credit providers, reduced overindebtedness by reducing the proportion of household income spent on servicing debt, and improved overall household status and stability (Jones 2006).

However, the limitations of tackling poverty through access to credit alone was highlighted in a number of research reports, including a Barclays-commissioned report into credit unions and loan guarantee schemes (Jones 2003). This research focused on five credit unions, all based in low-income areas and with established lending programmes, funded through external grants and donations, which aimed to make debt-redemption loans to people with debts to high-cost lenders, primarily home credit providers, weekly-payment retail stores, and sub-prime credit cards. The model used by these credit unions was based on the notion that, once freed from high-cost interest rates, people would continue to pay the more affordable credit union loans more easily.

In fact, the research findings revealed that such an approach was less than successful. Overall, loan default rates were high and few borrowers moved into financial inclusion and stability. The study concluded that if credit unions were to serve financially excluded people effectively, they had to adopt more holistic and strategic approaches, which were based on access not only to credit, but also to debt and money advice, budgeting accounts, and ongoing support.

It has now come to be accepted more widely that tackling poverty is dependent on greater access to financial services (Demirgüç-Kunt 2008) based on a pathway to financial inclusion that includes, in addition to credit, access to transaction accounts, savings accounts, insurance products and the provision of money and debt advice (HM Treasury 1999b, 2004a, 2007). Moreover, the role of financial capability education is now regarded as essential to strengthening people's capacity to make financial decisions.

Tackling poverty is dependent on greater access to financial services.

The change in focus from tackling income poverty through lending to facilitating pathways to financial inclusion in a more holistic sense has led to the emergence of a growing number of professionally-organised community credit unions that are able to offer a range of financial services and products geared to the low-income market (Jones 2006). SCU has been a lead player in this group of credit unions and, through its involvement in the PEARLS project (ABCUL 2004), was one of the first credit unions to modernise its lending policies and introduce the new credit union current account. Given the important role of saving in assisting people to move out of poverty (Sherraden 1991), SCU has also introduced a range of savings products including Christmas and holiday savings accounts, aimed at low-income members.

However, as the Barclays research stressed (Jones 2003), money and debt advice are central to any holistic approach to tacking financial exclusion. This finding has been supported by Citizens Advice, which has urged credit unions to *"work constructively with money advice agencies who are helping people deal with multiple debt problems"* (CA 2001). In recent years, credit unions have increasingly pioneered initiatives to build links with advice agencies and to integrate access to money and debt advice within their service delivery. Examples include the Money Advice and Budgeting Service at Enterprise Credit Union on Merseyside (Brown et al., 2003) and the Citizens Advice Bureau and credit union partnership in South Tyneside (Jones and Rahilly 2006). It was in order, therefore, to develop this strategic approach to tackling financial exclusion that SCU approached BAC to create the money advice project.

Twinpier debt management agency

Twinpier is a debt management agency that has worked with credits unions, including SCU, for a number of years. It offers debt advice and debt management interventions over the telephone, at no cost to the credit union member or any other caller. Twinpier is funded through grants, donations and commercial activity. This cross subsidy allows Twinpier to help individual (i.e. non-business) callers for free.

Twinpier began as a service for sole traders and retail businesses that were experiencing debt or cash flow problems. Subsequently, its services evolved to include helping the staff of these businesses through employee assistance schemes. Through direct contact with staff, Twinpier identified a gap in the market for free, independent and personalised debt advice for people who were reluctant or unable to use either large national organisations such as National Debtline and CCCS or local face-to-face providers such as CABx or other independent advice centres. Twinpier has now developed a series of referral arrangements with housing associations and credit unions through which it is able to offer access to its debt management services.

It was important for SCU to include Twinpier in the money advice project since, not only did Twinpier have a pre-existing relationship with the credit union, but it also offered an alternative form of debt advice to the face-to-face option offered by BAC. Twinpier offers a rapid response to telephone enquiries, with 95% of callers being contacted within one working day. Twinpier maintains that it is this immediacy of access, together with the anonymity of the telephone medium that often appeals to people in debt.

Twinpier offered an alternative form of debt advice to the face-to-face option offered by BAC.

Twinpier is not just an advice line. The agency offers a comprehensive debt management service and will deal with all aspects relating to the resolution of debt problems by acting as a third party recognised by creditors. It offers debt advice, arranges debt management plans and brokers contact with creditors. Twinpier will also give advice on alternatives to debt management such as individual voluntary arrangements (IVAs) and bankruptcy. Overall, its aim is to reduce bureaucracy and delays in the accessing of debt advice, which is achieved without the need for booking appointments or waiting.

In addition to offering a debt management service to individuals, Twinpier offers, in line with its original role in advising businesses, a risk limitation service to credit unions. For a service fee, it will deal with the administration and reporting involved in all aspects of IVA and bankruptcy proposals sent to credit unions by debtors going through insolvency, as well as offering more general advice on debt collection and delinquent accounts.

4 The Blackfriars Advice Centre Financial Inclusion Research Project

Alongside and subsequent to SCU-MAP, a programme of research was undertaken to evaluate its impact. This was conducted by the Research Unit for Financial Inclusion (RUFI) at Liverpool John Moores University, supported and funded by the Friends Provident Foundation. This report is based on the findings of that research programme.

The aim of the research was twofold. Its primary aim was to evaluate the impact of SCU-MAP on end-user beneficiaries and investigate how, and in what way, the project supported the transition into longer-term financial stability or inclusion. A secondary aim was to generate knowledge and understanding of the dynamics of partnership working so that SCU-MAP would be able to inform the development of similar projects elsewhere in the future. Given the small scale of the project, and the limited number of end-user beneficiaries who would be served, the research into the dynamics of credit union and advice agency partnership working took on a greater significance. For if the project could inform the development of partnership working nationwide, a significant gain in the understanding of effective approaches to financial inclusion would be achieved.

A key aim of the research was to inform the development of similar projects in the future.

The research methodology relating to end-user beneficiaries included a statistical analysis of client data kept by BAC, SCU and Twinpier, interviews and research discussions with money advisers and credit union staff, and a series of interviews with end-user beneficiaries. The findings of this direct impact research are mainly recorded in Chapter 6 of this report.

The wider research into the dynamics of the credit union/advice agency partnership explored the experience of participant agencies in delivering the project to members and clients. This was a collaborative research exercise in which participants were encouraged to reflect upon and analyse their experience in order to identify the issues that they considered either assisted or hindered project delivery.

This research was carried out with staff members, both operational and management, and included a series of in-depth interviews and research discussions and evaluations. Staff members were interviewed on several occasions in order to explore their experience and thinking in greater depth and to monitor how perceptions and views developed both during and after the project. Written contributions were also sought from staff members.

A key element of the research was the seminar held at the Friends Provident Foundation's main offices in London in December 2006. This event brought together major players and stakeholders in the credit union and money advice sectors. The seminar was based on the initial findings of the research and, through a process of collective discussion and debate, key ideas and reflections were generated in order to inform the research findings and written report. The overriding aim of the project was to identify general principles and elements of good practice that would inform partnership working between credit unions and advice agencies more generally.

Further consultation on the dynamics of partnership working was carried out throughout the money advice and credit union sectors in order to verify and strengthen the research findings emerging from the project. This stage of the project owes much to the ABCUL/Citizens Advice CONNECT project, which was developed after the end of the SCU-MAP project, and was concerned to promote partnership working between Citizens Advice Bureaux and credit unions throughout Britain. In common with the SCU-MAP project, the CONNECT project was developed with the financial support of Barclays.

5 The achievements of the Money Advice Project

The scope and impact of the SCU-MAP project were both limited and constrained. The project was limited insofar as it operated for a period of only ten months, from January to November 2006, and had few organisational resources to call upon. It was constrained by a range of organisational difficulties and set-backs, as already noted in the introduction. Nevertheless, the money advice project achieved a number of notable successes:-

- 35 credit union outreach sessions were held at BAC.
- 25 people were referred directly from the credit union to BAC for debt advice.
- 51 people were referred to the Twinpier debt counselling service.
- Through the outreach sessions at BAC and other locations, 80 new members were enrolled into the credit union.

The achievements of the project went beyond the immediate impact of advice or credit union services.

Other than the number of referrals to Twinpier (target = 40), the above figures were lower than the original project targets of 40 outreach sessions at BAC, 60 referrals to BAC for money advice or debt counselling (includes 50 reserved appointments at BAC based on a target of one referral per week), and 300 new members joining the credit union. Yet, given the organisational context, these lower figures are understandable and were to have been expected.

For those directly benefiting from the project, either through referral for money or debt advice or through credit union membership, the achievements of the project were real and tangible. However, the achievements of the project went beyond the immediate impact of advice, support or credit union services on the lives of individual beneficiaries. For the project stimulated a process of reflection and thinking, both within the participating organisations and beyond, with regard to the dynamics and interactions of money advice agencies and credit unions working collectively to promote financial inclusion and stability. In many ways, it was the wider learning that was achieved through the project which will have the greatest and most durable impact within the field of money advice and credit union service delivery.

The beneficiaries

End-user beneficiaries, that is to say advice clients and credit union members, were located at the centre of the SCU-MAP project. Its original aim was to provide existing and potential credit union members with a full financial support service that encompassed debt consolidation, money management, budgeting advice, access to affordable credit and savings accounts. Equally, the project aimed to provide those requesting help from money advice providers with access to the financial services of SCU. The fourteen beneficiaries interviewed as part of the research confirmed, to a greater or lesser degree, that the project had offered them a financial and advice service appropriate to their needs. Yet their comments, together with observations on organisational practice, did raise issues and concerns that informed learning arising from the project.

Credit union referrals to Blackfriars Advice Centre

Before the project, SCU already had in place a system of referring overindebted loan applicants to debt counselling services. Loan officers would undertake income and expenditure analysis with applicants, including a search of credit reference agencies, and, in cases where a new loan was inappropriate, would refer applicants either to Twinpier or to CCCS, both of which provide a telephone helpline. SCU-MAP was designed both to increase the use of Twinpier and also, through the employment of a debt support worker, to offer both loan applicants and others a fast-track money advice and debt counselling option at BAC.

64% of those referred to BAC were women, of whom 62.5% were Black African or Black British.

In general, although not in every case, referrals to BAC related to cases of substantial and more complex over-indebtedness.

25 people were referred to BAC for an aggregated total of debt of over a quarter of a million pounds. 44% of individual debts were for amounts over £10,000, regarding which the credit union alone would have been able to offer little support in the way of consolidating debt. 64% of those referred were women, of whom 62.5% were Black African or Black British. The average age of women was 37 years, the majority of whom were lone parents. The average age of men was 42.4 years. Nine people were new to the credit union and sought support when they were already in financial difficulty. 64% were already credit union members.

The types of debt regarding which advice was provided via referral were varied, but most were non-priority debts such as defaults on bank loans, home credit loans and credit cards. There were a few incidences of debts to utility companies.

People referred to BAC by the credit union

		Age	Ethnicity	Status	Income	Debt issue	Savings with SCU	Debt supported (£s)
1	F	31	Black African	Single	Wages	Credit card defaults/loans	NM*	44,002.00
2	F	42	White Other	Single	Wages	Loans/defaults	NM*	40,000.00
3	M	33	White Other	Single	Wages	Loans/defaults	£233.00	35,000.00
4	M	44	White British	Single	Benefit	Credit card defaults	NM*	23,560.00
5	M	42	White European	Single	Wages	Loan/credit card defaults	NM*	18,400.00
6	F	44	White British	Single	Wages	Loans	£168.22	15,757.00
7	F	33	Black British	Single	Wages	Loan/credit card defaults	£95.41	14,169.41
8	M	34	White British	Single	Benefit	Rent arrears /council tax bill	£61.00	13,050.00
9	M	41	White Other	Single	Wages	Loans/defaults	NM*	12,000.00
10	F	37	Black British	Married	Wages	Loan/overdraft	£197.00	11,311.00
11	F	53	Black African	Single	Wages	Credit cards/overdraft	NM*	10,500.00
12	F	30	Black African	Single	Wages	Defaults on credit cards	£177.57	7,100.00
13	M	60	White British	Married	Wages	Loans/credit card bill	£1,778.85	6,545.00
14	F	44	Black African	Single	Wages	Overdrafts/loans	£833.79	5,500.00
15	F	35	Black African	Single	Benefit	Credit card defaults	NM*	5,487.97
16	F	21	Black British	Single	Benefits	Rent arrears/defaults on card	£266.87	5,201.15
17	F	51	Black British	Married	Wages	Loans/bills	£28.00	5,000.00
18	F	41	Black British	Single	Wages	Rent arrears	£526.20	4,116.00
19	F	38	White Other	Single	Wages	Overdraft/loan/credit card	£724.76	4,000.00
20	M	49	Asian	Married	Benefit	Overdrafts	NM*	3,613.01
21	F	28	White Irish	Single	Benefit	Credit card defaults	NM*	3,415.00
22	F	41	White British	Single	Wages	Bills	£453.48	1,500
23	F	22	White British	Single	Wages	Bills	£19.00	1,300.00
24	M	40	White British	Single	Wages	Defaults/overdrafts	£165.00	613.00
25	M	39	Black African	Single	Benefit	Loan	£33.00	600.00
** = New Member*							£5,761.15	£278,690.54

An assessment of the impact of the debt advice offered to beneficiaries through BAC was limited by three key factors:-

- The length of the project, the organisational set-backs at BAC, and the small number of beneficiaries of advice did not allow for a full longitudinal study of the impact of debt advice.
- Linked to the first point, information on the outcomes of appointments was not systematically kept at BAC and thus follow-up data on the future experiences of individual clients was not consistently available.
- This lack of data meant that once people had been referred to BAC, SCU received no further information or data about their progress.

Both credit union and advice centre staff felt that much more could have been achieved if referrals had been more systematic.

The lack of statistical data on individual beneficiary progression, and the consequent inability to share such data, also impacted on the dynamics of the BAC-SCU partnership. On reflection, both credit union and advice centre staff felt that much more could have been achieved if the processes of referral, and of feedback on those referrals, had been more systematic and rigorous. Even though the credit union was able to offer an enhanced service to people in financial difficulty, there was evidence from some beneficiary interviews that the lack of a joined-up system of referral and feedback did lead to a diminishing of the quality of the member experience.

Case study 1

A credit union member, Ms H, a woman in her 40s, approached the credit union with debts to various loan companies of more than £15k. The credit union referred Ms H to BAC, where she attended a pre-arranged appointment. Unfortunately, even though she met with a debt adviser, Ms H was not confident that BAC would sort out her problem quickly and efficiently. Following her first meeting, she found it difficult to contact advice staff and felt unable to return to the credit union.

Without further reference to the credit union, Ms H approached Gregory Pennington a commercial debt management company with whom she took out a debt management programme. Her immediate problem was solved; her monthly and debt repayments were reduced by the company even though she would be repaying loans for a much longer period as fees added considerable costs to her overall debt. *"I needed an immediate service, I needed the debt to be dealt with",* explained Ms H, *"Gregory Pennington, did everything efficiently on the phone and with a commercial company, you can be sure things will be dealt with. I am now on a 10-year plan even though I could leave at any time".*

Ms H was disappointed that the credit union link with the advice centre did not work out for her. *"I was left just not knowing how my debt issue would be dealt with, I felt the credit union needs to be more reassuring and the staff at the advice centre need to come over as more confident, professional and affirmative".* Despite this set-back, Ms H continues to save and borrow from the credit union, which provides one of the few lines of credit left open to her. For her, the credit union has become a key contributor to her long-term financial stability.

Case study 2

Ms N, a woman in her 30s and a credit union member of twelve years' standing, was more than satisfied with the support she received. Ms N approached the credit union debt support worker with a credit card debt problem amounting to over £14k. She was referred for an interview at the advice centre where the adviser worked with her on a personal financial statement. Together they examined, and analysed options and eventually came up with a strategy that enabled Ms. N to take control of her own affairs. Debts were consolidated and moved to providers offering lower rates of interest over more affordable timescales. Ms N continues to save and borrow in the credit union, and claims that the support offered by BAC, together with the access to credit union services, has afforded her the financial stability she longed for. Just prior to the research interview, she started a second job to clear the outstanding credit card debts more quickly.

Now I feel safe and cuddled, I pay in my child benefit into the credit union and can save and borrow without thinking someone is out to make a profit out of me.

One concern was the number of people referred by the credit union who did not, in the end, take up their opportunity of an appointment at BAC. Five of the research interviewees failed to attend the advice centre. The first, Ms S, a woman in her early 30s, came to the credit union with debts of £44k on credit cards and a bank loan. She had previously been to the CAB for financial advice but was directed to the credit union. There she met with the debt support worker and an appointment at BAC was arranged. At the time of the research interview, Ms. S was keen to keep this appointment as she felt it might assist her to have the interest frozen on her loans. For, at the time, the scale of her interest payments meant that she was paying nothing off her capital debt.

However, a follow-up research call several months later confirmed that Ms S did not attend BAC after all. *"With working, getting to the advice centre during the day was just too difficult"*, she explained, *"I have now taken on extra work and am starting to do better in paying off the debts. I think I did not go to the centre as I had started to work things out for myself".*

Unfortunately, the fact that Ms S had not attended the interview at BAC was not reported to, or picked up by, the credit union. If it had, maybe some further advice or support could have been offered (e.g. a referral to Twinpier). However, Ms. S has remained a SCU saving member. She stressed, though, that *"I don't want anything more to do with borrowing!"*

The other four referees failed to attend BAC for various reasons. One of these, Ms M, a 40-year old lone parent, had been directed to the credit union by Southwark Council's housing department in order to seek a loan to pay off a shortfall in rent payments. Ms M, already a member of the credit union and fearing eviction, applied for a loan of £1,000 to pay off the arrears. This loan was granted and it enabled Ms M to settle the debt and retain her flat.

For this and other outstanding debts, Ms M was referred by the debt support worker both to Twinpier and to the advice centre. However, she took up neither option. Once the pressure was reduced in relation to the possible eviction, Ms M explained that she did not feel the same need for advice. She remains a member of the credit union, which she uses as her primary financial services provider. Having had a long history of financial exclusion and borrowing from high-cost alternative lenders, she was able to report, *"Now I feel safe and cuddled, I pay in my child benefit into the credit union and can save and borrow without thinking someone is out to make a profit out of me. I just use the credit union now for loans, there is no where else I could go. I trust the credit union; I can speak to somebody I know and having savings makes me feel good".*

He knew nothing about credit unions, but found his reception welcoming and non-judgemental.

Case study 3

Mr. M is in his mid 40s. He was not a member of the credit union when he arrived with over £20k of unsecured debts, mostly on credit cards and a bank overdraft. He had seen a notice in the SCU branch window offering a service for people with financial difficulties. He rang and spoke to the debt support worker and an appointment was made for him to see her in two days' time. He knew nothing about credit unions, but found his reception welcoming and non-judgemental. *"This was the first time that I had ever spoken to anyone about my situation"*, he explained, *"and I was feeling extremely bad and guilty"*. He met the debt support worker a second time without an appointment. *"The atmosphere was relaxed and calm"*, he noted, *"She said the simple things which helped me feel 'normal' and that others were in the same situation as me. She was very pleasant in her manner and gave clear advice"*. An appointment was made at BAC for three weeks later.

In comparison with the *"dead friendly if a little amateurish"* (in terms of the money advice that they could offer) atmosphere of the credit union, Mr M described BAC as professional and factual. *"They seemed a little too hardened, as if they 'had seen it all before'*, he reflected. *"I sensed the team were under pressure, the interview was more rushed but businesslike. The tone was very 'matter of fact'. I supplied information as requested but then I got more and more worried because I didn't hear anything. I wanted confirmation as to what I should do in response to the receipt of more default notices and whether I should respond to some of the demands that were still coming because of the debts. I tried to ring but could never get through and there was no facility to leave messages. On Tuesday I took a day off and went to the BAC in person but there was no-one there who could see me. I asked if someone would phone me but no-one did. Today, (Tuesday, 2/5) I received my first contact; a phone call and an e-mail. The BAC had been waiting for me get back to them once I had opened up another bank account. The plan then was to 'close' my existing account and make an offer of repayment for the other outstanding debts. However, this was not proving to be easy. I applied to three loan companies but not heard from any of them.*

He asked whether a holding letter had been sent out to the creditors and was advised that 'it probably has'. But after a second phone call, I now feel more reassured. Having not been there before, I had no understanding of the timescale".

Mr. M did receive the advice and support from BAC that he needed, even though his experience of the service and the inter-connection between the advice centre and credit union was not as seamless and efficient as it could have been. Yet through this inter-connection, he was able to solve his pressing and significant debt issue, a result that would not have happened in the same way without the BAC-SCU partnership. Mr M went on to join the credit union and now uses it to save *"The last thing I want is another loan"*, he added, *"so I haven't looked into that"*.

The credit union practice of making loans to enable borrowers to pay off rent arrears was noted as an issue of concern by debt advisers (*see Section 6, Managing referrals, below*). Indeed, a speedier referrals to advice system may have resulted in an agreement with the Council that did not depend on Ms M taking out a loan to pay off rent arrears and incurring credit union interest on those arrears. Ms M claimed, however, that eviction was possible and it was only the cash payment on the day that prevented it happening. She has no regrets about taking that course of action and now recommends to friends that they seek a loan from the credit union if they find themselves in the position of having to make an immediate cash payment to settle rent arrears.

Incidentally, Ms M was not the only interviewee to receive a loan to repay rent arrears. Ms L, a 49-year old woman on income support and disability living allowance, living with her partner, reported that the Southwark Council rent officer had suggested that she contacted the credit union to apply for a loan to pay her rent arrears of £500. She joined the credit union and the loan was granted, in her words, *"without any problem".*

Once the problem was solved, Ms M did not feel the need to seek any money or debt advice. However, she has continued to save in the credit union. As for other loans, she reported that, *"I borrowed from the credit union for the rent because I had little other option. And I don't feel ripped off. But I don't know much about the credit union and it is difficult to get through to, nobody answers the phone and you don't get much information in the office. I do need more money but I'm going back to Provident Financial, they are much more convenient and easy to get hold of".*

It is arguable that many of the people referred by SCU to BAC who did not attend the appointment were seeking money guidance rather than debt advice.

Regarding the other people referred who failed to attend a BAC appointment, Mr M, a 40-year-old member who had seen a notice about the partnership project in the Pilgrim Street branch of the credit union, felt that his meeting with the credit union debt support worker had been so brief that it did not give him the confidence to go to an advice centre. Another did *"just not get around to it"* and the fifth reported he still intended to go at some time.

What these three people had in common, however, was the relatively low level of debt that they held (when compared with most other referees). For two referees, their total debt was around £600, and for the third the amount was £1,300. In one way or another, all three managed to cope with their debts themselves. However, all acknowledged that they were able to do this because of the support they received through the credit union.

Ms R, a young woman in her early 20s, heard about the credit union through the Jobcentre's Pathways to Work service, organised by the welfare-to-work provider, Work Directions, where the credit union ran an outreach session. Ms R had received some commercial money advice regarding her £1.3k utilities debts from Church Wood Financial. However, in order to achieve financial stability, Ms R also required access to convenient and affordable financial services. She opened a current and savings accounts and took out a £500 credit union loan that meant she no longer had to seek high-cost credit. Ms R was referred to BAC by the debt support worker for support with her utility bill debts. However, having joined the credit union, Ms R no longer felt the same need to seek debt advice, as she felt more in control of her financial affairs.

The same was true of Mr T, a man in his late 30s, who was in receipt of Jobseekers Allowance and who first became aware of the credit union at a Reed in Partnership office. He made an appointment with the debt support worker and joined the credit union. Having had real difficulties with banks and now being in possession of a poor credit record, Mr T looked to the credit union for access to a range of financial products and services. He had his Jobseekers Allowance redirected from his bank to the credit union and was delighted to be able to access a £400 loan from the credit union to go to his uncle's funeral in Africa. Once in the credit union, like Ms R, Mr T also felt more in control of his financial affairs and less in need of debt advice.

It is arguably the case that people who did not attend the BAC appointment were not in fact seeking advice about a pressing debt problem. Rather, they were seeking more generalist money advice, and support with money management and budgeting, and once their financial situation had stabilised in the credit union the need for such advice was perceived as reduced. One member of ten years' standing, Ms L, a 40-year old woman, did attend her BAC appointment. She had gone with a £1.5k utilities debt, and was seeking advice on managing her money. *"The adviser was not too happy to see me,"* she reported, *"and said that the advice centre was unable to help me as it did not offer money management advice, only crisis debt advice".*

Credit union referrals to Twinpier

In contrast to BAC, the Twinpier Debt Management Agency already had an ongoing relationship with the credit union, which pre-dated SCU-MAP. Credit union loan officers would regularly refer people to Twinpier if it was judged, as part of the credit administration process, that they would be unable to repay a loan because of existing outstanding debts or a poor credit record. The project was designed to expand and develop this telephone referral facility within the credit union. Unlike the referrals to BAC, which were all made by the project's debt support worker, referrals to Twinpier were also made directly by loan officers.

Decisions regarding whether to refer a given person to Twinpier (for telephone advice} or to BAC (for face-to-face advice) seemed primarily to be based on criteria relating to the size and complexity of a person's overall debt 'portfolio'. 51 people were referred to Twinpier in relation to debts totalling £303k (£264k of non-priority debts and £39K of priority debts). The average debt of a person referred to Twinpier was just under £6k. This compares with an average debt of £13k of those referred to Blackfriars Advice Centre (this figure does not take account of the four people with low loan balances; three of whom did not attend their appointment and the fourth who did attend but was not assessed due to her need for generic financial advice rather than debt advice).

The project was designed to expand and develop telephone referral and 51 people were referred to Twinpier in relation to debts totalling £303k.

Most referrals (over 75%) to Twinpier were assisted with (unsecured) non-priority debts (credit cards, overdrafts and personal loans). Priority debts advised on included council tax and rent arrears. Twinpier reported that there were some fuel debts but these did not surface as a major issue among those referred.

About 40% of all callers to Twinpier were advised on bankruptcy because of their heavily over-indebted situation, and all received a copy of the Insolvency Service's *Guide to Personal Bankruptcy*. Five of the people advised on bankruptcy made an application to the EDF Energy Trust[5] to obtain a grant for the bankruptcy fee (£335).

As far as Twinpier is aware, however, no person referred by the credit union entered into an Individual Voluntary Arrangement (IVA), nor did Twinpier recommend anyone to do so.

In most other cases where clients supplied details of their debts, a repayment plan was offered as an alternative to bankruptcy. Thirteen people (approximately 44% of those offered a repayment plan) maintained active credit union accounts and continued to make regular payments according to the plan. Some of the people who did not action the repayment plan, however, did call Twinpier from time to time for small pieces of advice (e.g. what to offer a creditor or enquiries about bailiffs' rights of entry etc.).

It is Twinpier's view that a successful outcome to any debt management plan depends on the ability people have both to save and to make regular repayments. As Twinpier's manager stressed, *"This is most crucial if you are to avoid the need to get into future debt hence the importance of linking up with Southwark and Lambeth credit unions"*. Of the 51 people referred to Twinpier, 23 (45%) continued to save and repay a loan with the credit union and two (4%) were refused a loan but were still saving. This meant that 25 of the 51 people referred to Twinpier made positive progress in financial stability and tackling over-indebtedness. On the other hand, five were in default and not paying, two were not paying due to bankruptcy, and twelve had inactive accounts. Eight people referred to Twinpier did not join the credit union.

Of the thirteen people on a regular repayment plan, seven were paying off loans and saving with the credit union, three had inactive accounts, and three were not members.

5 The EDF Energy Trust is a registered charity funded by EDF Energy. It awards grants to individuals, who are domestic customers of EDF Energy to help with gas or electricity debts or other essential domestic bills and costs. It aims to help people take control of their finances by reducing the burden of their debts.

There was some evidence from Twinpier that people used the telephone service because it was fast, free and confidential. There were no appointments or waiting time, which was important for people with work or childcare commitments. One useful and valued service offered by Twinpier was phone callback. If people made a call to Twinpier from a mobile phone, their call would be returned thus saving their phone credit and limiting the expense they would have incurred to sort out their debt problem.

People joining the credit union through BAC and other organisations

38 people joined the credit union directly through its link with BAC and another 40+ through links and connections generated by the project with other organisations throughout the borough (e.g. Sure Start, Jobcentre Plus, CABx etc.).

However, there were no actual referrals from the advice centre to the credit union. Here, 'referral' means an adviser proposing, recommending or even hinting to a client as part of the advice process that joining the credit union may be in his or her interest and/or may assist with the resolution of a particular financial problem. This definition of 'referral' implies that the adviser points somebody towards the financial institution and/or even clears his or her path to membership by facilitating an introduction or appointment for the client at the credit union.

38 people joined the credit union directly through its link with BAC and another 40+ through links and connections generated by the project with other organisations throughout the borough.

Advice centre staff were very clear that, as an independent advice agency, BAC could not recommend or suggest that a client join a particular financial institution, including a credit union. As one adviser stressed, *"I cannot be seen to recommend anyone to any creditor"*. For many advisers, it is a fundamental principle that those in debt should not borrow at all. Some advisers went further and felt that they could not even recommend a client to save or to have a current account in a credit union, if that same person intended to take out a credit union loan now or in the future. For them, borrowing from the same financial institution in which a person's capital is invested may not be in that person's longer-term interest if he or she faced financial difficulties in the future and was unable to repay the loan.

Clearly, in a situation where the credit union could confidently refer its members to the advice agency, but the advice agency felt compromised in directly referring its clients to the credit union, the notion of a genuinely functional reciprocal relationship raised some keen and vibrant issues. In fact, the issues relating to referrals made by advice agencies to financial institutions are complex, contested and nationally recognised. They regularly surface in money advice and credit union partnership working discussions and have been subject to Government review and recommendation (HM Treasury 2004a).

A key achievement of the BAC-SCU partnership was to bring these issues to the surface and to offer both an analysis of their origins and a way of coping with them (these are discussed in depth in *Chapter 6 – Research Findings*). Indicative of contested views in this area, Twinpier had no difficulty in recommending its clients to join the credit union. On the contrary, Twinpier saw the encouragement of saving with the credit union to be a key strategic element in combating financial exclusion and long-term overindebtedness.

Hesitation about *recommending* the credit union to particular individual clients as part of the advice process did not mean that BAC failed to present the credit union to all its clients as an important and viable option. As part of the project, the credit union was advertised widely in the advice centre premises where the credit union debt support worker ran a weekly outreach surgery.

In addition, BAC staff were encouraged to consider and include the credit union as a referral option. In a sense, this gave a *de facto* endorsement of the credit union to advice clients as an organisation appropriate to advice clients' needs. It was through this promotion of the credit union within the advice centre that 38 people joined and became new members of the credit union. This represents an average of more than one new member a week during the period that outreach surgeries were held in the advice centre.

Through the outreach surgery, the credit union was able to contact people that normally would not have been reached by standard credit union services. Of the 38 new members, 24 (60%) were women, 29 (76%) were Black African or Black British, 23 (60%) were Black African. The average age of all new members was 40 and the median age 38 years. 50% of the group were 35 years or younger. This compares with the fact that, overall, the majority of new members in SCU are white, accounting for 61.51% of all members recruited since June 2006, with only 28% of them being 35 years or younger (Decker and Jones 2007). The project was able to reach out to a younger, more ethnically diverse potential membership group.

The demographic group most strongly represented were Black African women. They constituted 34% of the total new membership and 57% of female new members. Their average age was 38 years. The second-largest group were Black African men. They represented 26% of the total new membership and 71% of the men recruited to the credit union. The project highlighted the specific needs of migrant communities and how a credit union could respond effectively, as evidenced in the case study below.

Through the outreach surgery, the credit union was able to contact people who normally would not have been reached by standard credit union services.

Case study 4

Mr C joined the credit union through BAC. He was 38, Black African, married with children, and worked as a part-time cashier in a supermarket and as a car park attendant. Mr C came to the UK in 1995 and, since his arrival here, had been in constant need of credit facilities to support his family and children in Africa and, eventually, to bring them to this country. His only source of credit since 1995 had been the home credit company, Provident Financial, to which he was introduced by a family friend. He has borrowed regularly from the home credit company over the years, normally at a rate of about £1,000 at a time, but sometimes much more. He has found Provident Financial to be a convenient and flexible source of credit that is always there when needed. He acknowledged that he never thought about the level of the interest payments, even though he knew them to be high. What was more important was having access to credit. He even had the home credit collector's mobile phone number in case he needed a loan quickly.

However, Mr C was becoming progressively aware of the high cost of his home credit loans. When his wife had a baby, and Mr C was in need of financial help, he went to see one of the workers at Charterhouse-in-Southwark Settlement, where a regular Sure Start session was organised. The worker directed him to BAC, where he met the credit union debt support worker. There he joined the credit union and received the £750 loan he required. He opened a savings account into which he makes regular payments by direct debit. He admitted that he had not known anything about the credit union before going to BAC, but now argues that, if he had known about it earlier, he would not have kept going back for home credit loans.

The participating organisations

In 2005, when the SCU-MAP project was established, partnership projects between credit unions and money advice agencies were neither as well-known nor as widespread as they are today. However, for its founders, the potential of a joint initiative aimed at tackling overindebtedness and financial exclusion was self-evident and worthy of testing in practice. As well as creating added value for beneficiaries, the project influenced the thinking and development of all three organisations involved.

For BAC, the project presented a challenge to its advisers to consider the role of an advice agency in the context of promoting pathways to financial inclusion and stability for its clients. The question was how, and in what way, could debt advice be linked to access to financial services and to generic money advice and financial education. A key element of this challenge was how BAC could relate to a financial institution and, at the same time, retain its independence and overriding commitment to clients. For BAC, the project highlighted both the importance and the complexities of the issues involved.

In 2005, when the SCU-MAP project was established, partnership projects between credit unions and money advice agencies were neither as well-known nor as widespread as they are today.

Case study 5

Ms B, who joined SCU via BAC, is of pension age, living on her own and in receipt of housing and council tax benefits. She went to BAC when she received an eviction notice. Ms B had arrears of approximately £1.5k, accrued because she had been paying her rent every four weeks instead of on a calendar month basis, which inevitably left her rent account four weeks short for every year of her tenancy. The advice worker at BAC telephoned the local authority and accompanied Ms B to court where possession of her flat was suspended on payment of £5 per month from the arrears.

After the court hearing, Ms B received further help via a debt management plan, for her other outstanding debts. She pays the plan £60 per month, which is then distributed to repay all debts including the rent arrears. Ms B met the debt support worker at BAC, who was introduced to her by an advice worker. Ms B joined the credit union and now has her pension paid directly into her credit union account. Previously, Ms. B found that she was unable to save and, given her credit history, there was no possibility of a loan except from high cost lenders. Since joining the credit union, she has received a loan of £300 to pay off her debts to catalogue companies.

Ms. B reported that, *"I feel much happier in myself now. Everything had been getting on top of me - especially the rent. The BAC provided someone to lean on. I didn't know what to do and they did. They came with me to the court to sort it out".* At the time of the interview, Ms. B collected her pension in cash from the credit union and then paid her rent and all her other outgoings in cash out of her withdrawal. She was with the credit union, but noted, *"I was wondering if there is a facility for direct payments, so I do not need to pay the rent in cash. Another snag with the credit union is that I always withdraw my money on a Friday and the office doesn't open until 11am on that day. With the NatWest I had a card and could use the hole in the wall".* Since November 2006, SCU has introduced current accounts that are able to provide her with both a debit card and facilities for direct debits.

The case of Ms B. highlights the fact that the benefits of credit union membership extend beyond access to credit.

Even with a shared commitment to financial inclusion, credit unions and advice agencies are different entities with distinct organisational and cultural perspectives on credit, debt, and access to financial services. However, based on project experience, advisers were able to clarify for themselves some of the complexities of joint working and develop a deeper awareness of credit union principles and operating procedures. The result for advisers was a clearer appreciation of how the two organisations could work effectively together.

An important element in assisting the developing adviser awareness of credit unions was the realisation that, as financial institutions, they offered more than just credit. Supporting people to access savings accounts, for example, is an important step on the pathway to financial inclusion, as current high-level proposals to include an agreed trigger figure for savings within the standardised income and expenditure tool, the Common Financial Statement (CFS) seem to suggest (HMT 2007b).[6] BAC advisers were able to develop an understanding of SCU as an organisation that could offer a range of financial services. Since the project ended, this has led to BAC participating in the Southwark Financial Inclusion Forum where, with SCU, it is exploring the possibility of joint work in the area of financial capability work.

Even with a shared commitment to financial inclusion, credit unions and advice agencies are different entities with distinct organisational and cultural perspectives on credit, debt, and access to financial services.

Case study 6

Mr M joined SCU via BAC. He was prompted to join the credit union in order to obtain access to an affordable current account. At the time of the interview, Mr M lived with his wife and two children and received disability living allowance because of his epilepsy and heart condition. He banked with Halifax and had done so for over twenty years. He had no overdraft facility and had recently found out that his direct debit deductions (for life insurance, house insurance etc.) were sometimes out of step with the receipt of his benefit income. This left him overdrawn by small amounts for short periods.

One month, Mr M found that his bank had charged him £280 in default penalty fees for the cumulative effects of three overpayments caused by failed direct debits. This left him extremely distressed and upset. He was particularly worried that he might lose his television because he could not afford the next hire purchase repayment as he was paying off his bank charges. BAC was able to advise him on how to contact the television hire-purchase company and a new repayment plan was agreed. He has since paid off his television debt. He was also advised to reduce the number of his direct debits, which he did. At BAC, he approached the debt support worker with a view to opening one of SCU's new current accounts.

For SCU, having a closer association with an advice agency heightened awareness and understanding of the centrality of money and debt advice in tackling financial exclusion. It helped staff develop awareness of the policies, processes and procedures in relation to money and debt advice that need to be in place to ensure a quality service for its members. The project was a learning experience for SCU management and staff, which has led to the credit union ensuring that credit administration procedures embed an opportunity for loan applicants to be referred for money or debt advice if appropriate.

6 For more information on the CFS, please go to the Money Advice Trust website www.moneyadvicetrust.org.

However, there was evidence from credit union interviewees that the close link with debt advice services had resulted in the credit union tightening its lending procedures. The suggestion was that the link with advice services had resulted in the credit union becoming more aware of the problem of overindebtedness and more risk averse. As a result, people who may have been granted a loan in the past were now referred to a debt advice agency. For SCU, this was part of a developing process of responding to overindebted loan applicants appropriately.

The greatist number of SCU referrals by type was to Twinpier, which confirmed that access to an independent telephone debt advice line was an important element in the development of a holistic service aimed at tackling financial exclusion. It was clear to Twinpier that what mattered to many callers to the service was access to a rapid and responsive service. It also confirmed for Twinpier the importance of access to credit union financial services for those endeavouring to achieve financial stability in their lives. Twinpier now works with a number of credit unions in the London area.

The project established the fundamental importance of a joined-up approach to tackling financial exclusion and overindebtedness.

Overall, the project, albeit a relatively short-term intervention, promoted the model of joint credit union-money advice agency working both locally and nationally. For the organisations concerned, and for similar organisations nationwide, the project established the fundamental importance of a joined-up approach to tackling financial exclusion and overindebtedness.

6 Research findings

The SCU-MAP project contributed positively both to the lives of its beneficiaries and to the organisational learning and work practices of the three partners. The project did not meet all its objectives, but it did achieve sufficient success to prove its value both to beneficiaries and to the participating organisations. All three partner agencies were keen on the notion of further collaborative working in the future.

The project notably succeeded in stimulating a process of thinking and reflection on the purpose, nature and dynamics of partnership programmes involving credit unions and advice agencies. The SCU-MAP project was not unproblematic and it was not without its misunderstandings, disagreements and set-backs. However, it engendered a debate about the realities of partnership working, which contributed to an emerging understanding of what constitutes good practice in this area. The debate among both partners and the wider group of stakeholders raised key questions and clarified issues in a way that facilitated the identification of the key findings arising from the research.

The project notably succeeded in stimulating a process of thinking and reflection on the purpose, nature and dynamics of partnership programmes involving credit unions and advice agencies.

The following paragraphs discuss the key areas that were explored in the project. Not all of the questions, issues or challenges arose directly out of the operation of the SCU-MAP project itself, some emerged from the process of reflection that the project encouraged.

Establishing a vision and purpose

SCU-MAP was initiated according to a vision of credit unions and advice agencies working together to collectively address the problems of overindebtedness and financial exclusion. This vision was shared by the original founders of the partnership, who prior to the partnership, had between them developed a common understanding of the need for the project and had a high level of trust in the capability of each other's organisation to deliver. It was a vision with which Twinpier was happy to be associated.

The vision clarified for the original partners the purpose of the project, which was to test out in practice the possibility of partnership working between two distinct but potentially complementary types of agency. The founders knew what they wanted to do; the project was to reveal how this could and should be done. The project aimed to turn a vision into effective action.

Research elsewhere has confirmed that establishing a common vision and sense of purpose is critical to the development of partnership working (Jones and Rahilly 2006). Moreover, of equal importance is the need to communicate what may often start out as a high-level (i.e. Board or senior management) vision **throughout** participating organisations. Typically, this process is led by one or two key charismatic individuals who drive the partnership forward.

The problem for the SCU-MAP project was that two key initiators of the project, one from BAC and the other from SCU, left their respective organisations before the project had the chance to get off the ground. The person responsible for the initiation of the project at BAC left first and, tragically, the BAC director, responsible for project delivery, took ill during the project period and died shortly afterwards. The impact on the development of effective partnership working is not difficult to imagine. The result was that the shared vision and sense of purpose of the original founders failed to be communicated, understood, and owned throughout the organisations.

Initial training/briefing events had taken place in order to introduce BAC and SCU staff to the vision, purpose and operations of the partnership project. However, as this process of keeping people informed and engaged did not continue throughout the project period and, critically, did not involve **all** staff, communication processes were not sufficient to result in a mutual understanding about the project becoming embedded within the organisations. Many of the questions, issues and challenges of the project, raised mainly by BAC staff, but also by others, were not explored in sufficient depth to be resolved to the satisfaction of staff members. This strongly highlights the need for in-depth processes of mutual induction if partnership working between advice agencies and credit unions is to succeed.

The need for induction arose not just because of a need for information, but because the power of partnership is only released when those in the participating organisations have a common understanding of its goals and direction. A shared sense of purpose inspires, motivates and co-ordinates the kinds of actions that a partnership needs in order to bring added value for clients and members.

However, it was clear that even without the management setbacks, generating a common vision and sense of purpose would be challenging. Advice workers and credit union staff are to a degree the product of different organisational cultures and carry with them distinct sets of underlying assumptions, beliefs, perspectives and interests.

The resolution of misunderstandings depends on the seriousness of the commitment to constructive debate.

For some BAC advisers, the independence of the advice agency was paramount and a close working relationship with a credit union potentially undermined some of the basic principles of the advice process. Advisers were, for example, reluctant to refer clients to a financial institution that potentially might become their creditor *(see section 6 on managing referrals)*. Credit union staff also had their own assumptions and perspectives and, for them, failure to refer a financially excluded or overindebted client to a credit union, or at least offer the option of credit union membership, appeared tantamount to not acting in that client's best interests.

More fundamentally, the task of establishing a common vision and purpose across both staff teams was inevitably challenging, as there was an absence of a common language with which to express basic concepts and understandings. For example, the terms 'money', 'debt' and 'financial' advice were used interchangeably and with varying meanings by different people. The result was that beneficiaries were referred to the advice agency for money advice, which was often understood as generic financial advice by the sender and debt advice by the adviser. All the referred person discovered was that the money advice they required was unobtainable as the advice agency only dealt in debt advice. There was also a lack of firm evidence to suggest that advisers and credit union personnel even had a common understanding of the term *'financial inclusion'*.

The SCU-MAP project brought into relief the ways in which a shared vision and purpose can be compromised if issues and concerns relating to organisational identity, priority, activity and ethos are not recognised, explored and resolved from the outset. Of course, resolution does not necessarily mean full agreement on every issue but, rather, in some cases it may mean a mutual recognition and acceptance, on the basis of trust, of the divergent perspectives and interests of the partner organisations.

However, this resolution process depends ultimately on the leadership of those driving the partnership, on the quality and availability of information about participating agencies, and on the seriousness of the commitment to constructive debate and communication among and within the partner organisations. As research has shown elsewhere (Jones and Rahilly 2006), finding workable solutions also depends on the level of mutual trust and confidence that each organisation has in each other's principles, processes and organisational capacity. Unfortunately, the resolution process was only partially completed on SCU-MAP.

The process of embedding a cross-organisational shared vision and sense of purpose takes time, and depends on a strategic approach to effective communication among staff members and consolidation of the value of the vision through measurable and observable win-win situations. When the positive impact of advice on the life of the client, for example, is communicated to the credit union staff member who referred the person to the advice agency, then partnership working is strengthened.

The same applies in reverse, i.e. when a debt adviser hears of a client moving into financial stability through credit union membership. Consolidating the partnership depends on feedback, which ultimately contributes to the development of mutual trust and confidence. With some exceptions, reciprocal feedback was generally lacking in SCU-MAP. Once having made a referral to BAC, for example, the credit union rarely heard about its outcome, often to the extent of not even knowing whether the client had attended their first appointment. Conversely, BAC staff were not aware, for the most part, of any new credit union members recruited through the outreach session in the advice centre.

On reflection, at the end of the project, both credit union and BAC staff recognised that, even though the project had achieved many of its objectives, its full potential had not been realised. This was particularly well recognised by BAC advisers. Advice work is beginning to move, more and more, from an overriding focus on crisis debt management to more preventative measures aimed at enabling the future financial stability of financially excluded clients.

The key issue for any partnership is that of referrals. Success depends ultimately on good referral practice and procedures.

The SCU-MAP project offered BAC the opportunity to develop a holistic approach to financial inclusion and build an understanding of the role and position of debt advice in meeting wider financial inclusion agendas. It was acknowledged that if the project had not suffered the set-backs it did, with good leadership, it would have had the potential of achieving much more.

Managing referrals

The key issue for any partnership is that of referrals. Success depends ultimately on good referral practice and procedures. As the word *'partnership'* suggests, referrals are intended to be mutual - both from the credit union to the advice agency and vice versa. However, the assumption that such a two-way model will be simple to implement should be challenged, as in reality such arrangements are not necessarily as straightforward as one might expect them to be.

SCU-MAP revealed clearly the complexity of the issues associated with referral in both directions and the challenge of developing an effective referral process. Mutual referrals have the potential of adding value to the service delivery of each partner organisation. Yet, if policies and procedures are undecided, unclear or poor, referrals have the potential of having just the opposite effect.

Referrals made by the credit union to advice agencies.

From the credit union perspective, the project arose originally out the need of SCU to offer a specialist debt and money advice referral service to the increasing number of overindebted people who were approaching the credit union for help or for loans. Unable to provide further credit, the credit union required a better solution than just declining loan applications. It needed to offer appropriate support to members and others, many of whom came to the credit union in a state of distress.

Referrals from the credit union to both BAC and Twinpier were central to the project. Those to BAC were made mostly by the debt support worker, to whom credit union loan officers would refer overindebted loan applicants. Referrals to Twinpier were made mostly by loan officers themselves. The decision to be referred to Twinpier for telephone advice or to BAC for face-to-face advice turned mainly on the size and complexity of the debt. In general, larger and more complex debts were referred to the debt support worker for onward referral to BAC. It was stressed at the credit union, however, that referrals to either organisation were made only for those debts regarding which the credit union could not itself give some straightforward advice.

Many of the referrals to BAC and Twinpier were problem free and interviewees spoke of the positive outcomes of the referral and of the advice given at BAC. However, a number of issues did emerge from research interviews that have a bearing on the development of good referral practice. Interviews with advice agency staff raised issues about the appropriateness of some referrals and about the information given to people about the advice process in the credit union prior to an appointment being made. Interviews with those referred also revealed issues about the process of referral itself.

All individuals referred by SCU to BAC were referred to specialist debt advisers. There was evidence that some of those referred did not have the kind of problems that BAC advisers expected to deal with. In fact, on one or two occasions referred people were turned away by BAC advisers on the grounds that the referral had been inappropriate.

Generic money advice, money management support and budgeting advice represented a clear unmet need.

This situation tended to arise when the person referred was seeking advice about a range of financial issues rather than debt advice, but had nevertheless been referred by the credit union.

This highlighted the need for an effective referral system to include some form of filter, triage or sorting procedure so that appropriate referrals can be made to the correct advisers. BAC picked up on this issue on several occasions. As one adviser noted, *"Some of the referrals which were made to Blackfriars were not really money advice appointments (often more budgeting and/or financial advice) and I think we should have done a short "Money Advice Awareness" session with them (credit union staff) so they had a better understanding of what we do and how we work".* Here it is clear that the adviser is using the term money advice to mean debt advice. But confusions about terminology clearly also led to confusions about practice. However, despite terminological opacity, the adviser's point remains.

In some partnership projects, credit union staff undertake money and debt advice training, not so as to replicate advice agency services but to ensure that workers understand the nature of debt, in all its forms, recognise the triggers that point to its existence, and understand the importance of only referring appropriate cases to advice agencies (Jones and Rahilly 2006). In general, lack of experience, knowledge and training can result in inappropriate referrals that not only waste adviser time but also result in disappointment for the referred person.

It is also important to note that lack of experience, knowledge and training can also result not only in inappropriate referrals but also in a failure to refer people who would have benefited from money or debt advice. Credit union staff need to be able to spot and identify the triggers that suggest a member could benefit from money or debt advice. There were examples from SCU-MAP of loans being made by the credit union to cover the lump-sum repayment of rent arrears, for example, which could have been addressed differently with the support of a money adviser. One issue that did not surface in the project but was noted by those consulted elsewhere was that of credit unions failing to refer someone to an adviser whose debt was to the credit union itself. This is certainly a possible issue, but one that should be dealt with in the context of acting in the best interests of the member, rather than with a primary thought to protect the credit union's loan book.

The level of 'inappropriate' referrals did, however, highlight the need of many people coming to the credit union for assistance with generic money advice. Even though the project was entitled a "money advice project", in fact, in reality, it was a specialist debt advice project for those in particular crisis situations. Nowhere within the project, either at BAC, SCU or Twinpier, was there any provision for more generic money advice, for money management support or for budgeting advice. This was a clear unmet need. Some of the interviewees, previously in debt, had consciously approached the credit union and the project for money (generic financial) advice to assist with their future financial stability. Even though it was a goal of the project, money advice or financial capability education, as distinct from debt advice, did not feature as part of the support to people on their pathway to stability and inclusion. This was experienced both by advisers and those referred as a major gap in project design.

There was also a concern about the number of credit union-referred (potential) clients who did not, in the end, take up the appointment offered at BAC. From the end-user beneficiary interview findings, it seems that some of these cases involved people who were not in fact seeking debt advice about a pressing problem but, rather, seeking more generic money advice. Once the client's financial situation had been stabilised via access to credit union assistance and/or services, the need for such advice was reduced. This highlighted to project participants the fact that not every financial problem or difficulty necessarily requires a referral to a money or debt advice agency. Several interviewees noted how the basic information supplied by the credit union debt support worker had been sufficient in itself to assist them to sort out their problem.

There is a strong need for preparatory support to be provided by a credit union before a client's attendance at an advice agency.

An important issue raised by advisers concerning those who did take up the offer of a BAC appointment was the lack of prior information given about the advice process to people referred by the credit union. People arrived at BAC without any clear knowledge of the nature of the service that would be offered, which inevitably caused confusion and misunderstanding. This was confirmed by several beneficiaries in interviews. One person noted that nobody at the credit union told him anything at all about what to expect at BAC, while another felt that the lack of information given to her about the process resulted in her lacking confidence in the quality of the advice on offer. This latter person ended up going to a commercial debt advice company rather than to BAC.

It was clear from project experience that there is a strong need for preparatory support to be provided by a credit union before a client's attendance at an advice agency, in order to reassure the referred person and to give information about the referral process and the service they can expect in the referred-to organisation. In some cases, there may even be a need for a credit union worker to attend the advice agency with the member in order to ensure a supported introduction to the advice service via their presence at the first interview.

One referee stated that she felt that the link between BAC and SCU was not as joined-up or as seamless as it could have been. She noted that there did not seem to be any interaction between the two agencies in regard to those referred. In fact, as noted above, one element contributing to this lack of interaction was the dearth of information received by the credit union on the outcomes of BAC appointments. Limited data about outcomes was available from BAC and, once people had been referred, the credit union received no further feedback about their progress.

Some form of feedback on referrals was seen by the credit union as important in enabling it to ensure a co-ordinated and supportive service. Of course, any feedback would be dependent on obtaining the credit union member's consent to allow the advice agency to share information with the credit union. As noted above, positive outcome data relating to referred clients, e.g. a credit union worker finds that a member they have referred to BAC has negotiated a manageable system of debt repayments with creditors, makes the referral process 'worthwhile', and reinforces to staff of both organisations the added value that partnership brings.

A key aspect of the project, aimed at creating a seamless service, was the introduction of ring-fenced or priority referrals. With the support of the funds provided by Barclays, a number of referral places were reserved at BAC for credit union referees. For the project founders, this enabled a joined-up service whereby credit union members could see an adviser without any unnecessary delay. For some of the advisers, however, this was seen as *"jumping the queue"* and as a *"cardinal sin"* against good advice agency practice. For these advisers, priority referrals were only tolerated because of the additional income they brought into the agency.

However, on reflection, project participants, including some advisers, recognised that ring-fenced allocations were one way of managing capacity and of enabling a more joined-up service to beneficiaries in difficulty. It was also argued by some that direct or priority allocation systems enabled more and better follow-up on cases after the client had returned to the credit union, even though this did not take place during the SCU-MAP project. The debate around ring-fenced allocations highlighted the central importance in any partnership programme, as stressed by one adviser, of *"getting the referral policies right"*. Efficient referrals to the advice agency and a well-organised appointments system were revealed as critical to the success of this approach.

Despite the priority referral system, comments were still made by some of those interviewed that appointments were not always as speedy as might have been expected. There were sometimes quite lengthy delays. In other partnership programmes, systems have now been developed to enable credit unions and advice agencies to allow mutual access to appointment systems. In South Tyneside, for example, the credit union has now begun to make appointments for members to see CAB debt advisers from the credit union's own office. CAB financial awareness workers based in the credit union can make CAB appointments directly from the credit union.

Despite the priority referral system, comments were still made by some of those interviewed that appointments were not always as speedy as might have been expected.

In reference to the speed of appointments, there was some evidence from Twinpier that people used the telephone service rather than the face-to-face service offered by BAC because access was rapid as well as being anonymous, free and confidential. There were no appointments or waiting time, which was important for people in work or with childcare commitments. One useful and valued service offered by Twinpier was phone call-back. If people made a call to Twinpier by mobile phone, their call would be returned, thus saving their phone credit and limiting the expense they would have incurred to sort out their debt problem.

However, in interviews, other beneficiaries considered face-to-face advice to be more appropriate for them. Face-to-face advice was often offered to people with larger and more complex debts, but the offer of referral to either service was in theory based on the personal choice of the credit union member. However, with referrals to BAC being administered by the debt support worker and those to Twinpier by loan officers themselves, there was evidence that some of those referred to Twinpier by loan officers were not actually presented with the opportunity of being referred to BAC. Nevertheless, having both options available was seen as important to the development of a flexible and holistic approach to tackling overindebtedness and financial exclusion. It must be remembered, though, that referrals to BAC were limited by the terms of the project itself.

Referrals made by the advice agency to the credit union

People who attended BAC for advice or information were also able to learn about the credit union. During the period of the project, about forty people became credit union members via project activities, many of whom had either limited or no prior knowledge of the credit union. Joining the credit union was often a major step towards financial inclusion and stability. However, none of these new members were referred or recommended to join the credit union by BAC debt advisers during the course of the advice process itself. Rather, they were introduced to the credit union through the presence of the SCU debt support worker at the weekly outreach sessions on BAC premises or through the leaflets and literature available in the waiting area.

At most, BAC advisers informed clients of the option of joining the credit union, and provided them with information about the outreach sessions. Advisers felt that they could not go as far as making a positive recommendation to clients to join the credit union, even to those living on low incomes and facing financial exclusion. For the credit union, which referred its members to the advice agency, this lack of reciprocal referrals was often experienced as a weakness in the partnership.

This feeling was exacerbated by the fact that debt advisers in other advice agencies, including Twinpier, had no apparent difficulty in actively recommending that their clients consider credit union membership. For Twinpier, for example, encouraging clients to open credit union savings accounts was a key element in its strategic approach to long-term debt management and combating financial exclusion. This approach was based on the understanding that building savings and assets is fundamental to poverty alleviation and financial inclusion (Sherraden 1991).

These diverging approaches to making advice agency referrals to credit unions surface throughout the country. It is not uncommon for debt advisers to have reservations about proactively recommending their clients to join a credit union, particularly if that referral is to take place within the advice process itself. These reservations do not generally stem from a lack of appreciation of the benefits of credit union membership for low-income consumers. BAC, for example, recognised fully the advantages of credit union membership for people in Southwark. Rather, they arise out of particular understandings of the complexities of the advice process.

It is not uncommon for debt advisers to have reservations about proactively recommending their clients to join a credit union, particularly if that referral is to take place within the advice process itself.

At BAC, research interviews identified advisers' reservations as relating to four key principles:

- belief in the independence of the advice agency and advice processes, which could only be fully safeguarded by refusing to actively endorse any individual potential creditor or creditor type
- the axiom that borrowing (more) money can never be a way out of over-indebtedness
- the view that it is not advisable for low-income clients to borrow and save within the same financial institution
- an interpretation that a recommendation to a client to join a credit union could contravene elements of financial promotions legislation as contained in the Financial Services and Markets Act 2000.

Each of these four factors was examined with advisers, credit union personnel, and project stakeholders. The findings arising from these discussions are summarised in the paragraphs below. Given that contravening the financial promotions legislation is potentially a criminal offence, and that advisers are unlikely to promote a credit union if it unlawful to do so, it is perhaps apposite to commence with a discussion of this factor.

Financial promotions legislation

Section 21 of the Financial Services and Markets Act 2000 (FSMA) contains a prohibition on financial promotions, and stipulates that a person must not, *"in the course of business, communicate an invitation or inducement to engage in investment activity"* unless s/he is an authorised person, or the content of the communication is approved by an authorised person, or the communication is covered by an exemption. Debt advisers, unlike regulated independent financial advisers, are not, of course, *'authorised persons'* as defined by the Financial Services Authority.

The definition of *'investment activity'* is comprehensive, and relates to financial services as well as products. It includes deposits, savings, pensions, endowments, insurances, shares and unit trusts. It also includes mortgages, which are a form of credit but regarded as an investment as they relate directly to a long-term investment in property or land.

However, it is important to note that the prohibition on financial promotions concerns investment activity alone and does not relate to consumer credit and unsecured personal loans. These are covered by the Consumer Credit Act, and not by the FSMA. So, for example, a debt adviser recommending a credit union Growth Fund loan, which has no requirement on the borrower to be saving in the credit union in question, would not fall within the scope of the financial promotions regulation and would therefore not be contravening the legislation.

However, most credit union loans are made to members who save, make deposits or, increasingly, have current accounts. Saving and the making of deposits in any form is investment activity and therefore caught by the financial promotions regulation. Credit union mortgages too, where they are provided, are clearly an investment activity. Under FSMA, to promote any of these products, orally in one-to-one situations, in speeches, in writing, or even through posters or leaflets, could possibly be regarded as a contravention of the legislation. (see COBS 4, FSA 2007).

Not long after the implementation of FSMA, it became clear to Government and to the advice sector generally, that the provisions of FSMA were having a negative impact on the provision of debt advice, particularly in low-income communities. Debt advice and generic financial advice often go hand in hand and, even by 2003, there was evidence that debt advisers were often taking an overly cautious approach to helping clients with pensions, mortgages, insurances and endowments because of fears of contravening the legislation.

Where uncertainty about the effect of legislation causes advisers to be too cautious about the advice that they give, this could compromise the debt advice services offered to clients (HMT 2004b).

Credit union investment products were not considered at the time, but, had they been, they too would certainly have been caught by the same cautious apprehension. The financial promotions regime had been designed to regulate profit-making businesses and protect the consumer from mis-selling by unscrupulous or untrained financial advisers. Ironically, through the creation of a culture of apprehension among advice agencies, the result was that many advice agency clients, often some of the most vulnerable people in society, missed out on helpful information and advice about appropriate financial products that could benefit them.

In February 2004, HM Treasury implemented a review of FSMA, which included a specific intention to address the needs of advice agencies. In its consultation document (HMT 2004b), it asked whether it would be beneficial to create a specific exemption from the financial promotions legislation for not-for-profit advice agencies. This would remove the uncertainties that advisers faced under FSMA and provide clients with wider access to generic financial advice. Even flawed advice, argued the Treasury, was better than nothing at all for clients who required urgent specific advice as part of the debt counselling process.

In the review consultation document, the Treasury set out the reasons for the proposal of a specific exemption from FSMA for advice agencies:-

"The case for creating a specific exemption for advice agencies is to enable them to carry on their function effectively. The voluntary free advice sector is typically well trusted by the people who use it and has an established infrastructure. Where uncertainty about the effect of legislation causes advisers to be too cautious about the advice that they give, this could compromise the debt advice services offered to clients who often require urgent specific advice. In these circumstances, some advice (even if slightly flawed) may be better than no advice at all". (Section 3.11, HMT 2004b)

The result of the consultation process, which was widely promoted throughout the advice sector, was a Government recognition that advice agencies needed to be provided with an exemption from the FSMA financial promotions regime. According to the Government response, advice agencies should be able to provide generic financial advice and *"be able to refer and/or introduce clients to authorised financial advisers and product providers, provided advice centres receive no financial reward as a result"* (HMT 2004c). In addition they should be able to make available financial promotions in relation to mortgages, insurance contracts and Child Trust Funds. The condition of this exemption was that it would only apply to non-profit making advice agencies whose principal financial services activity was debt advice. The advice would have to be free and independent and advice centres would have to hold adequate levels of professional indemnity insurance.

In December 2004, following the consultation, ,Stephen Timms, the then Financial Secretary to the Treasury, announced that *"I will provide advice centres with an exemption from the*

FSMA financial promotion regime to enable them to provide financial advice and other debt-related support, such as assistance with applications, without advice centres having to worry that they might be subject to the financial promotion restriction. This deregulatory reform will enable advice centres to raise people's levels of awareness and understanding in financial matters, enabling them to manage their finances better" (HMT 2004d).

On the face of it, appeared as if this change in legislation would bring an end to advice agency worries about being subject to the financial promotions regime. Indeed, Terry, Sinn and Simpson (2006) concurred with Timms and argued that the *"exemption from the FSMA means that advice workers avoid having to worry that they might be subject to the financial promotion restriction when assisting people with applications for financial products".*

However, things did not turn out to be so straightforward. The changes in financial promotions legislation, as referred to in the Government's response to the consultation, came into force in the 2005 financial promotions order (HMT 2005). These changes were now specified and clear. In Section 73 of the 2005 order, which deals specifically with advice agencies, the financial promotions restriction does not apply to any communication that is made by a person in the course of carrying out his duties as an adviser for, or as an employee of, an advice agency, if the communication relates to qualifying credit; rights under, or rights to or interests in rights under, qualifying contracts of insurance; or a child trust fund.

*Excessive caution might also be regarded as compromising the role of the adviser in terms of limiting their capacity to capacity to **both** help solve immediate and pressing debt problems **and** also assist the client in moving towards financial inclusion and security.*

Qualifying credit is defined in the order (paragraph 10) as meaning a mortgage or credit that is secured, in whole or in part, on land. The conditions attached to this exemption were that advice agencies had to carry adequate professional indemnity insurance, offer advice that is free and in respect of which the centre does not receive any fee, commission or other reward, and which provides debt advice as its principal financial services activity.

There was no mention of savings or deposits, which therefore still come within the remit of the financial promotions regime. This leaves, as at BAC, a situation where debt advisers are still somewhat unsure of their position under FSMA in recommending or advising their clients to join a credit union.[7]

Of greatest importance is the issue of advising people on saving in a credit union, recognised as a key element within the pathway to financial inclusion, and on making deposits into a credit union current account. Credit union loans are, as noted above, not covered by FSMA legislation but in most credit unions access to a loan account, with some notable exceptions, depends on also having a member savings account. As at BAC, advisers should rightly be cautious in recommending investment in a credit union. If an adviser actively recommends a credit union, and that recommendation includes advice/information on savings or current accounts, the adviser has technically crossed a line demarcated by the financial promotions regime.

Does this mean, therefore, as at BAC, that debt advisers have to be so cautious they can only present a credit union as one option among others, that is, as being on a par with banks and building societies? Does it mean that nothing can be said by an adviser that would introduce or lead financially excluded clients to a credit union, which in reality may be one of the few options open to them? Given the arguments of HM Treasury and other parts of Government in the 2004 FSMA consultation review that debt advisers should not be so overly cautious that financially excluded people fail to receive the advice they need, it would appear that a cautious approach could result in actions, or a lack of action, that are not in the best interests of the client.

Excessive caution might also be regarded as compromising the role of the adviser in terms of limiting their capacity to not only help solve the immediate and pressing debt problem but

7 Advising people on credit union mortgages, as exempt in the 2005 order, is important but of limited significance. Less than 0.5% of credit unions in Great Britain have the relevant permissions to offer mortgages.

also assist the client in moving towards financial inclusion and security. Twelve months after receiving debt advice, the majority (84%) of clients participating in a recent research programme stated that they felt more in control of their finances and more knowledgeable about financial matters overall (Pleasence et al. 2006). Enabling people to feel more in control and more knowledgeable about finance depends on the advice and active support offered by the adviser, which probably means going beyond just offering a list of options regarding the available types of credit and savings providers in the most general terms.

However, it seems clear that crossing the financial promotions line by recommending a credit union to clients does lead advisers into something of a legal grey area. If an advice agency were ever challenged, say by a client who made a deposit in a credit union and who complained that the adviser did not make it clear that the dividend was less than the return that was available from some high street banks, it might be claimed that the agency contravened the financial promotions regime. If the client sued the advice agency for loss, the advice agency's insurers might be obliged to make an offer or pay the full amount sought.

Advice agencies are established to act in the interests of their clients, and it is axiomatic that they must be independent from any external pressures, including from financial institutions.

Hence the importance of having in place appropriate liability insurance so that clients can be compensated for any loss arising from the negligent provision of financial advice (cf. HMT 2005). However, venturing into this grey area is not without its defence. As was stressed in the 2004 consultation process, advice agencies are not-for-profit organisations and have no interest in financial promotion other than supporting the clients with whom they work. The key principle of all debt advice is to act in the best interests of the client, taking into account all relevant factors including the client's financial position (OFT 2001). Acting in the best interests of financially excluded people may involve, in practice, crossing the financial promotions line and introducing people with few other options to the benefits of credit union membership.

The BAC advisers were right to be cautious, but being over-cautious may in the end have unintended, counter-productive consequences. Appropriate caution involves presenting credit union information fairly and independently (i.e. not as an agent of the credit union) and highlighting the disadvantages as well as the evident advantages of membership. Moreover, this would need to be done in the context of providing information about all other appropriate financial options so that the client can freely choose from among them.

Some commentators consider that an adviser venturing into giving advice on financial products should always be non-provider specific (Pearson 2004). This is not always practical in the case of credit unions. It is very rare for there to be a choice about which credit union to join as there is usually only one serving a particular locality. In the context of a low-income community, advice about credit unions in general is normally, de facto, advice about a specific credit union.

It is to be hoped that the Thoresen Review of generic financial advice[8] (HMT 2008) does not lead to the possible unintended consequence of putting the regulatory boundary under closer scrutiny and thus jeopardising existing, less over-prescribed arrangements in which advice agency recommendations to clients to consider a credit union act in the overall interests of financially excluded people.

Advice agency independence and links with a potential creditor

Advice agencies are established to act in the interests of their clients, and it is axiomatic that they must be independent from any external pressures including from financial institutions, particularly those that may be potential creditors of their clients. Despite the fact that the 2005 financial promotions order (HMT 2005), which gave advice agencies certain exemptions from FSMA, did not mention the concept of independence, all the documentation

8 Now to be known as money guidance.

that led to that order, including the government response to the FSMA two-year review, stressed that advice had not only to be free but independent (HMT 2004c). It was a concern to safeguard the independence of the debt advice process, and of the advice agency itself, that led BAC advisers to be wary of proactively recommending the credit union to their clients. As one adviser explained, *"I cannot be seen to recommend any creditor".*

There is one scenario in particular that that illustrates the importance of advice agency independence and a potential risk to it. However, as no proactive referrals were made by BAC to SCU, the scenario remained hypothetical in this specific context, which in no way diminished the influence of the issues it raised on the approach of advisers to the advice agency's relationship with the credit union.

The issue was that of default on a credit union loan by a client previously referred by an adviser to a credit union. If, following default, the client returned to the advice agency for further advice, the BAC adviser would want to be able to advise on the credit union debt in exactly the same way that s/he would advise on any non-priority, unsecured debt to any creditor. The adviser would not want to be in the position of having to make a special case for the repayment of a credit union loan and certainly would not want to feel any pressure to give the credit union any priority over other creditors.

The issue of a money adviser's approach to credit union loan default presents credit unions with a dilemma.

Yet, this issue of an adviser's approach to subsequent loan default presents credit unions with a dilemma. For the credit union, supporting a referred client with access to a loan is seen as one intervention, alongside others, aimed at moving the person along a pathway into financial stability (Jones 2006). For the credit union, enabling people to progress on this path depends on the collective engagement of both the advice agency and of the credit union. If having introduced a person to a credit union, the advice agency regarded subsequent default as a stand-alone situation in which the credit union had no more claim than any other creditor, the credit union would tend to regard this as potentially undermining, not only to the credit union, but to the financial inclusion process itself.

The credit union expectation would be that the advice agency would encourage the defaulting client, who probably has no access to mainstream financial services, to regularise the default by agreeing a new reduced repayment schedule and to continue to save and borrow within the credit union. Otherwise, the credit union would argue, the client risks losing an important line of affordable credit and would have limited credit alternatives. The dilemma for the credit union centres on the question of its ability to accept referrals from an agency, on the basis of a joined-up approach to supporting a financially excluded individual, if, on default, the credit union's status is reduced to being just simply one creditor amongst many.

In the 'wider world', there are examples of advice agencies that, unlike BAC, agree to work with a credit union in such a way that a referred person's default on a loan is treated differently from other creditor debts. South Tyneside CAB, for example, takes the view that, if a referred defaulter returns to the bureau for further advice, the client can receive ongoing support if, and only if, s/he is able to demonstrate that the default was due to *"an inability to repay through a new financial hardship situation, rather than lack of willingness to keep up payments"* (Jones and Rahilly 2006).

In South Tyneside, the original referral is regarded as part of the solution offered by the bureau to improve the client's financial situation, and only if there are new pertinent factors to be considered can the bureau reopen the file. Otherwise the client is encouraged to keep up repayments to the credit union and to continue to follow whatever saving plan was agreed. The bureau regards this position as a necessary element of a co-ordinated credit union and advice agency approach to promoting individual financial inclusion. However, when other pertinent factors do exist, the bureau will act always in the best interests of its client. In cases of genuine hardship, the bureau will have to ensure that clients attend to priority debts first and foremost.

Positions taken on the subsequent default of referred clients reveal the varying approaches taken by advice agencies to the concept of independence in relation to working with credit unions. These positions seem to range, as in the case of financial promotions above, from the cautious to the over-cautious. Clearly, all advice agencies have to act cautiously if they are to remain independent and also need to ensure that they act, first and foremost, in the interests of their clients. They can never become an agent of the credit union nor allow the priorities of the credit union to override their own.

However, South Tyneside CAB would argue that although it took a cautious position, this did not prohibit them from pursuing a co-ordinated course of action with a credit union to offer its clients the support they needed (cf. HMT 2004c) through a holistic approach to promoting financial inclusion. Clearly, there may be occasions, where on the basis of new factors and situations, an agency such as South Tyneside CAB has to assert its independence and take actions on behalf of its client that may be against the wider interests of the credit union. Yet, in normal circumstances, it does not regard its independence as being compromised by working closely with the credit union to offer an integrated approach to tackling the financial exclusion of its clients.

However independence is understood by participants in partnerships, it is clear that each organisation needs to ensure that its respective role and responsibilities are clearly defined and agreed in a way that does not compromise the interests of its clients.

BAC had a different understanding of advice agency independence and tended to take a more cautious, if not over-cautious position, which avoided referring clients to the credit union at all. This effectively circumvented any referrals returning to the agency for advice on credit union default and prevented any expectation on the part of SCU that credit union loans would be dealt with differently. BAC was clear that its advisers treated credit union debts in exactly the same way as debts to any other non-priority creditor *(see Section 6, Facing dilemmas, for further discussion of advice agencies and credit union debts)*.

It is clear that there are varying interpretations of the question of advice agency independence, but not necessarily any right or wrong answer. Independence is a fundamental principle underpinning advice agency practice, as it is of credit union operations *(see the discussion on credit unions as community businesses below)*. Yet an understanding of what independence means in practice has to be forged through specific partnership dialogue, negotiation and experience, on a case-by-case basis.

As a simple comparison of the SCU-MAP and South Tyneside partnerships demonstrates, advice agency approaches to defining and safeguarding independence can lie anywhere along a continuum from a very cautious, quasi-'separatist' approach to more flexible notions of close and integrated working relationships. At one end of the continuum, the advice agency and the credit union retain very separate positions, with only certain collaborative actions in place, whereas at the other, the two organisations are engaged in harmonising operational practices, joint training and development programmes, and even participate in combined promotional and marketing strategies.

However independence is understood by participants in partnerships, it is clear that each organisation needs to ensure that its respective role and responsibilities are clearly defined and agreed in a way that does not compromise the interests of its clients. Wherever the partnership is positioned along the independence continuum, research has highlighted the importance of clear protocols and procedures, service level agreements, or terms of reference that delineate the way the two organisations will work together as partners (Rahilly and Jones 2006, ABCUL 2008).

The lack of a written service level agreement or terms of reference between BAC and SCU did not help in clarifying, particularly for front-line staff, the basis on and methodologies according to which the two organisations worked together. A clear and agreed definition of mutual roles and responsibilities would probably have resulted in the issue of independence being less of a concern among BAC staff.

Yet, as was noted by one of the senior workers at BAC, delineating written roles and responsibilities is only one aspect of the development of effective partnership working. Collaborating on the creation of a pathway to financial inclusion has to be based on a high level of common understanding, trust and openness between the two organisations.

This observation by BAC was, in fact, reinforced by the research into the South Tyneside partnership, which identified trust and mutual strategic understanding as key elements on which the success of the relationship was based (Jones and Rahilly 2006). As BAC advisers recognised, the partnership with SCU was short in duration, and perhaps the level of trust and understanding required for a more flexible, less cautious approach to the relationship did not have sufficient time to be developed. With greater trust, the issue of independence becomes more manageable and less of a barrier to developing an effective partnership.

Borrowing to get out of debt

There are money advisers who would argue that ruling out borrowing altogether for people who are already overindebted is too strong a position to take.

BAC advisers were also cautious about recommending that clients join the credit union because of a concern that this might have been taken as a recommendation to enter into further debt. Not only did advisers strongly counsel people against trying manage their debts by borrowing more, but they also endeavoured to assist all those in debt to move away from a culture or a habit of borrowing. This was regarded as a key factor in enabling people to achieve financial stability. As one adviser put it, *"Someone in debt needs to go through a period of having no credit at all".*

It is axiomatic among many debt advisers that, if someone is in debt, they should **never** borrow more money, particularly in an attempt to reduce pre-existing debts. This axiom has been fundamental to traditional adviser training for a long time. On the Motley Fool website, for example, D'Arcy (2006), writing of people who try to reduce debts through consolidation loans, argues, *"You can't get out of debt by borrowing more. This sounds blindingly obvious, but millions of borrowers have yet to grasp this basic fact: if you want your debts to reduce, you have to stop borrowing, full stop. It's as simple as that".*

Indeed, there is plenty of evidence to suggest that the apparently easy option of borrowing to reduce debt repayments has lulled many people into a false sense of security. In addition, massive advertising of consolidation loans by sub-prime companies has led many to take out secured loans against property that may turn out not to be in their long-term interest, because of the potential risk to borrowers' homes.

It is also true that some credit unions have on occasion offered further borrowing as a solution to debt problems with undue haste. Such behaviour would probably be regarded by BAC advisers as supporting their caution over recommending further borrowing to those already overindebted. Research (Jones 2003) into early examples of credit union loan guarantee schemes, for example, demonstrated how easy access to further borrowing did not always act in the long-term interests of the borrower. Not only did such access not solve issues relating to deep-seated overindebtedness and poor money management, but it also resulted in high levels of delinquency that closed off further access to credit union loans for financially excluded people.

On the SCU-MAP project, there were examples of SCU granting loans for tenants to pay off rent arrears without first referring them to BAC. Research shows that rent arrears often mask other more complex and deep-rooted debts. Nixon and Hunter (1996) argued, for example, that rent arrears were commonly the result of multiple debt problems. Similarly, research undertaken by Glasgow University and Heriot-Watt University for the Office of the Deputy Prime Minister underlined the fact that rent arrears were often the result of increasing rates of multiple debt (Pawson et al., 2005). BAC advisers would argue that debt advice to help clients negotiate the repayment of outstanding rent arrears is usually the best way forward rather than contracting a loan to pay off the arrears as a lump sum, not least because rent arrears do not generate interest.

During the SCU-MAP project, BAC advisers mostly assessed the benefits or otherwise of credit union membership in terms of access to credit. In other words, the credit union was regarded primarily as a lending organisation.

However, unlike at BAC, there are advisers in the wider world who would argue that ruling out borrowing altogether for people who are already overindebted is too strong a position to take. They would be likely to take this view for at least two key reasons. First, the reality is that people on low incomes, even if already overindebted, still depend from time to time on further credit to cope with emergencies or to manage the household budget (Jones and Barnes 2005). These advisers would contend that, given the immediate debt crisis is resolved and the person is on a path to financial stability, then it is preferable for them to have a line of credit open in a credit union rather than having little choice, in case of necessity, but to return to high-cost alternative credit providers.

Secondly, even though advising clients to be wary of borrowing more money to reduce or pay off existing debts is evidently good practice, there may be certain circumstances in which settling or reducing a debt with a further loan proves to be a successful tactic. An adviser may negotiate, for example, a full and final settlement figure with creditors, where the immediate repayment of the debt reduces it significantly. In such a case, a credit union loan to settle the debt at the agreed figure would be in the best interests of the client.

Nationally, there are an increasing number of schemes whereby, with the support of an advice agency and credit union (or Community Development Finance Initiative [CDFI]) working in partnership, people are freed from high-cost loan repayments through debt consolidation loans (Jones and Rahilly 2006). For example, the partnership between South Tyneside Citizens Advice Bureau and a CDFI, Money Answers South Tyneside (MAST), has enabled people to reduce their existing high-interest repayments with consolidation loans (Jones 2008).

Settling a debt with a loan may be beneficial if it assists a person to free themselves from the habit of using high-cost sub-prime lenders and, instead, to develop a savings and borrowing history within a credit union. There were several examples of this in the MAST project in South Tyneside (Jones 2008). Such a loan is, of course, neither appropriate in every case nor for all forms of indebtedness (a home credit loan is rarely, for example, worth repaying with a consolidation loan, unless a remarkably low settlement figure is agreed, as it would mean the borrower paying interest on the interest already paid to the home credit company). But, where appropriate, the success of such schemes is dependent on a high level of co-operation and data sharing between the advice agency and the third sector lender. In order to access a MAST consolidation loan, the borrower is obliged to meet several times with the credit union loan officer and also with the CAB debt adviser in order to ensure that all aspects of a person's overindebtedness are explored and a debt payment strategy established.

There is one important set of cases, however, regarding which neither a credit union nor a CDFI consolidation loan is likely to have any significant impact. These cases involve situations where the amount of overindebtedness far exceeds third-sector lending capacity. MAST loans can usually be made up to a ceiling of £5,000 and credit union loans, in many cases, would be smaller than that. At BAC, the average amount of debt that individual clients held was often in excess of £30,000.

In such cases, as recognised by BAC advisers, even if a consolidation loan were accepted as a possible way forward, a relatively small credit union loan would be of little help. In general, it should be recognised that the high levels of indebtedness of individual BAC clients influenced how advisers assessed the value of directing their clients to the credit union. Specifically, debt advisers were sceptical about the capacity of the credit union to assist heavily-indebted clients because of the effective cap on the credit union's lending capacity.

As noted in the section on beneficiaries above, loans were made by SCU to settle rent arrears. It is conceivable that there are cases where the repayment of rent arrears with a loan could be in the client's best interests if all other measures have been exhausted and such a course of action alone prevents eviction. However, advisers would strongly argue that there were very few circumstances in which an eviction could not be avoided by good advice rather than a settlement.

During the SCU-MAP project, BAC advisers mostly assessed the benefits or otherwise of credit union membership in terms of access to credit. In other words, the credit union was regarded primarily as a lending organisation. Those with contact with the project at the advice agency were debt advisers, rather than more generalist advisers, and hence any referrals, if considered at all, would have been referrals for loans.

Given the concerns regarding the wisdom of overindebted people taking out further loans, it was not surprising that referrals, as such, did not happen. In many ways, it is ironic that the debt adviser focus on encouraging people to move away from a culture of borrowing did not lead advisers to recommend their clients to open credit union accounts for the purpose of saving. In the long term, it is saving rather than borrowing that moves people along the path to financial stability and inclusion (Sherraden 1991, Kober and Paxton 2002).

Transaction, savings and loan accounts in the one financial institution

People joined SCU for more reasons than access to credit. In the interviews with beneficiaries, it was the ability to save in the credit union that was often valued the most.

The focus of debt advisers on the credit union as a lending organisation clearly contributed to the lack of proactive referrals to it. However, in other advice agency and credit union partnerships, the dynamics of the inter-relationship go beyond debt advice and access to credit. Money and debt advice workers, housing advisers, and generalist advisers feel confident in recommending the credit union, not just as a lender, but often more importantly, for access to savings and current accounts, benefit direct accounts and insurance products. In fact, this wider promotion of financial inclusion is often more relevant than a concentration on credit alone. Financial inclusion is as much about access to transaction and savings accounts as it is to affordable credit.

In reality, at BAC, through the outreach sessions and the interventions of the SCU debt support worker, the credit union was marketed as an organisation that could assist people with savings, loan and current accounts. The result was that people joined SCU for more reasons that access to credit. In the interviews with beneficiaries, it was the ability to save in the credit union that was often valued the most. The problem was that the message regarding the breadth of credit union products and services was not always communicated throughout BAC to all its adviser teams.

In research discussions with debt advisers, another problem surfaced that militated against proactive referrals. This problem was based on a doubt among debt advisers regarding the wisdom of low-income clients saving, borrowing and having their current account all in the same financial institution. Among debt advisers, it is fairly standard advice to overindebted clients to recommend that their current account is not in a bank that is a potential or actual creditor.

Banks have the right of set-off and can claim funds from a current account, with prior permission, to pay existing debts to the bank. In reality, credit unions have the same right as any non-third sector lender given that borrowers agree to such a right when taking out a loan. The worry was that the credit union would exercise its right of set-off and make deductions from the savings and current accounts of its low-income borrowers if they fell into default on loans. The standard money advice position aims to preserve the control of the person in debt over funds by means of their maintaining an account independent of all creditors.

There was a concern among BAC debt advisers that, if low-income clients kept all their funds in a credit union and, for whatever reason, defaulted on a loan, then the income on which they depended to live would be at risk. This concern was exacerbated by the news of the Eligible Loans Deduction Scheme that, as of December 2006, allows third-sector lenders to apply to the Department of Work and Pensions (DWP) for direct payment of deductions from the welfare benefits of those who default on loans (DWP 2006). This is, of course, in turn contingent on the borrower's agreement at the time of taking out the loan, which in reality is always forthcoming.

The standard advice not to save, borrow and have a current account in a single financial institution is certainly appropriate for large numbers of people who are, or could become, overindebted to a bank and require the flexibility and security of an account in another financial institution. However, for financially excluded people with little or no choice regarding the financial services that they are able to access, this standard advice may not always have the same applicability.

Operating a lending institution in the low-income market is risky, and a credit union needs to retain the flexibility to employ all appropriate means available to protect its assets and members' savings. Having benefits or wages paid into a credit union can ensure a line of credit for high-risk borrowers who would have little alternative but to use high-interest sub-prime lenders. For financially excluded members, having savings, a loan and a current account housed in one credit union can be a real step towards financial inclusion. It offers the credit union a certain security against future credit repayments and enables the members to access financial services and products that would be unavailable to them elsewhere.

Operating a lending institution in the low-income market is risky, and a credit union needs to retain the flexibility to employ all appropriate means available to protect its assets and members' savings.

However, the appropriateness of anyone having all their financial services in a credit union depends on the trustworthiness, integrity, high ethical standing, and indeed the capacity and efficiency of the organisation concerned. The concern of the BAC advisers revealed that credit unions had still some way to go to gain their confidence and trust. As people begin to use credit unions as their sole financial provider, the challenge for credit unions is to ensure that they do not replicate the mainstream and that they treat people fairly. Of course, there is nothing to stop members moving their wage or benefit deposits from the credit union to another financial institution if they considered it to be in their longer-term best interests.

Making referrals

BAC took a particularly cautious stance in relation to making referrals to the credit union. Wider consultations within the advice sector, however, reveal that many advice agencies take the view that proactive referrals are in the best interests of their clients and are to be encouraged. Evidence from the ABCUL and Citizens Advice CONNECT project suggests that cross-referrals between credit unions and advice agencies are a common feature of partnership arrangements.

However, even when advice agencies do make referrals, it is clear that a number of issues still arise. The issues that have surfaced in the course of research discussions with advice agencies and credit unions throughout the country include:

Client expectations. Advice agencies can sometimes risk providing their clients with unrealistic expectations regarding the assistance that can be given to them by the credit union. One agency in the North of England, for example, referred a client who was £60k in debt for a consolidation loan. Advice agencies need to understand how credit unions work and the limitations within which they operate.

Credit union independence. Advice agencies can sometimes give clients the impression that a credit union will automatically be able to provide them with a loan. It has to be recognised that credit unions are independent financial organisations that must take full responsibility for assessing loan applications and making loan decisions. On some occasions credit unions have granted loans on the recommendation of advice agencies alone. At least two credit union respondents in the research noted that such loans tend to become delinquent very quickly, i.e., unsurprisingly, non-qualified loan assessments are likely to significantly increase the risk of default.

Credit unions must have their own rigorous credit administration processes in place if loan granting is to be effective. However, a good partnership arrangement will aim to offer the client a seamless service into financial inclusion. There is no reason, given the requisite safeguards and the agreement of the client, why the advice agency and the credit union should not share data regarding clients' financial information and credit scoring as part of the loan assessment process.

Credit unions as co-operative businesses. Advice agencies sometimes misunderstand the purpose of a credit union. A credit union is a co-operative and mutual financial enterprise established to serve its membership. It is not a charity. There have been examples, for example, of advice agencies directing clients to a credit union to obtain a loan to cover a bankruptcy fee. Equally, agencies have sometimes sent people with evident lack of capacity to repay to request a Growth Fund loan.

Credit unions have to ensure that they lend only to those who have the capacity and will to repay, and can never operate as a charity, even when presented with the most extreme cases. The administration of the DWP Growth Fund is rigorously monitored by Government and, even here, the credit union has to meet certain fixed lending targets, including those that apply to loan default. It is important that the advice agency recognises that credit union has the right to refuse membership of the credit union, and to refuse a loan if granting it is not judged to be a prudent use of members' or government money.

Dealing with default. Advice agencies sometimes do not seem to understand the impact of loan default on the operation and long- term sustainability of a credit union. The advice agency, in consultation with the credit union, needs to decide an effective policy in relation to dealing with referred clients who default on loans to the credit union.

Providing induction to all relevant personnel regarding the purpose, operation, and demands of credit union and advice agency partnership emerged as essential to its success.

Staff induction and training

Providing induction to all relevant personnel regarding the purpose, operation, and demands of credit union and advice agency partnership emerged as essential to its success. The SCU-MAP project was initiated with a series of meetings and briefing sessions, mostly directed at the managerial staff of both organisations. However, due to organisational constraints, this programme of induction did not continue, and a limited number of staff members, particularly those on the front line, were inducted into the vision, purpose or goals of the project.

At the end of the project, debt advisers still demonstrated a lack of understanding about credit union principles and practice, and their concerns about partnership working often remained unexplored and unaddressed. Equally, in the credit union, loan officers, who tended to relate well to Twinpier given the pre-existing relationship, professed a lack of familiarity with BAC and what it could offer.

In confirmation of this lack of adequate induction, one adviser wrote, *"I think it would have been good for both the Credit Union and Blackfriars to do a presentation to the staff at each agency on the work we both do to make it clear from the outset. Some of the referrals which were made to Blackfriars were not really money advice appointments (often more budgeting and/or financial advice) and I think we should have done a short "Money Advice Awareness" session with them so they had a better understanding of what we do and how we work".*

A significant consequence of insufficient induction and training of front-line staff was that, over the period of SCU-MAP, responsibility for its operation tended to devolve progressively to the part-time debt support worker. A common sense of purpose and shared engagement in the project failed to emerge among most BAC and SCU staff members. The same was true at board and trustee level in both BAC and SCU. The result was that, when the original founders of the project left early on in the project's life, momentum waned markedly.

However, the project achieved some significant outcomes for individual beneficiaries bearing in mind its limited resources. It also stimulated a debate and generated important learning outcomes about partnership working. Both these latter elements continue to resonate and have an ongoing contribution to make to continuing discussions in this area.

It was acknowledged that more would have been achieved if a co-ordinated and planned programme of staff induction and training had been implemented and sustained. Staff in each organisation needed to collectively explore the meaning of the project in terms of what it contributed to meeting the ethical goals that informed their choice of profession if it was to add value to their daily working practices.

Subsequent reflection by staff and stakeholders identified that staff induction and training were required at three distinct levels. These can be termed the philosophical, the practical and the specialist, and are described as follows:-

Reflection by staff and stakeholders identified that staff induction and training were required at three distinct levels: the philosophical, the practical and the specialist.

The philosophical level

Training at this level should involve an exploration of the underlying values, principles and organisational culture that underpin advice agency and credit union operations. It would address varying perceptions of financial exclusion and explore the bases on which credit unions and advice agencies are able to promote financial inclusion collectively. It should also offer the opportunity of examining the complex issues and dilemmas that often arise for advisers and credit union staff when their respective organisations connect in partnership programmes.

Issues for exploration might include the independence of advice agencies and the appropriateness of their recommending a financial provider, the validity of the credit union pathway to financial inclusion, the significance of saving and borrowing in the lives of already overindebted clients, the role that current accounts can play in promoting financial inclusion, and the status of credit union loans in the debt resolution process.

It is at the philosophical level that varying values, principles, cultures and agendas can be revealed, acknowledged and accepted. Values and principles may differ but, if addressed in the context of mutual respect, it is at this level that a common vision and approach can be forged, and trust and confidence between partners established and strengthened.

The challenge for partnership participants at the philosophical level is to identify those principles and values that are fundamental and sacrosanct to the overall approach of individual organisations and those that are open to discussion, interpretation and negotiation. This is not easy, since, for example, different advice agencies may take distinct approaches to the concept of independence. For some, independence represents an immovable and non-negotiable concept, while for others it may be subject to a degree of flexibility of interpretation.

For all money advisers, though, it appears fundamental that credit union loans are non-priority debts, despite credit union concerns to keep a line of credit open even for those facing financial distress. For credit unions, access to savings, loans and current accounts in one financial institution is fundamental to a holistic approach to financial inclusion. For advisers, this assumption is open to debate and subject to critical analysis.

The practical level

Induction and training at this level relate to the operational policies and procedures through which an effective joined-up service is delivered by advice agencies and credit unions, and these processes are concerned both with the referral process and the practicalities of appointment systems, and also the range of services available at both the credit union and advice agency and how these can be accessed.

A key finding from this research project was that advice agencies can benefit from induction relating to the range of financial products and services offered by credit unions. Project progess tended to be hampered by advisers over-emphasising the role of credit unions as providers of credit. A wider understanding of the role of current accounts, savings and insurance may encourage the brokering of access to the credit union for greater numbers of money advice clients.

Equally, the research revealed the need for credit union staff to understand the dynamics of debt advice and its distinction from more generic financial advice or money guidance. Had this understanding been in place, it may have enhanced the quality of referrals to BAC in particular.

The specialist level

The project revealed the importance of having staff members in credit unions and advice agencies who are well informed about the principles and operations of their respective partner organisations.

The project revealed the importance of having staff members in credit unions and advice agencies who are well informed about the principles and operations of their respective partner organisations. Consultations with credit unions around the country noted that partnership projects were particularly successful in situations where advice agency representatives were on credit union boards or vice versa.

In some credit unions, staff are trained in debt and money advice. This approach is not intended to replace the role of skilled advisers, but to enable credit union staff to be 'problem noticers', i.e. to be able to recognise indicators of debt problems among their membership and to make referrals appropriately. Problem noticers based in credit unions are then able to assist other credit union staff to understand the role and principles of the money and debt advice process. This can assist staff to support referred members with preliminary information and to ensure that people who could benefit from money or debt advice are not overlooked.

The same approach would also be effective in advice agencies. Having advisers who are knowledgeable about credit union services, principles and operations can increase the awareness of credit union issues throughout an advice agency. Their knowledge can contribute to defusing misunderstandings and ensuring that the maximum benefits of partnership working are achieved. It should be noted that the SCU debt support worker regarded the most significant difficulty she faced as being the lack of knowledge about the credit union among front-line money advisers.

Organisational capacity

Despite its limited scale, SCU-MAP still made demands on the organisational capacity of both BAC and SCU, and to some extent, also on Twinpier. The project depended entirely on external funding even though it was not a particularly large-scale programme. It was limited to the employment of a part-time credit union debt support worker and to the provision of credit union priority appointments at BAC and Twinpier. With the ending of external funding, BAC was unable to continue to offer priority appointments and the role of the SCU debt support worker was terminated. Referrals to Twinpier from SCU have continued, albeit at lower levels.

Organisational capacity surfaced as an issue in four key areas:-

Advice agency capacity

BAC's offices are located in an area of extreme and multiple deprivation, and the organisation has experienced a rise in demand for its services, in line with the general increase in the level of overindebtedness in society. BAC operates an open-door advice service, in addition to booked appointments. Normally, prioritised referral systems are not encouraged, even though such a system was piloted during the SCU-MAP project.

Since SCU-MAP ended, BAC has lacked the capacity to ring-fence referrals and no longer offers an individualised service of this nature to the credit union. However, it is clear that partnership working depends both on a reliable method of credit unions being able to access advice agencies' appointments system and also on the possibility of effective mutual interaction on referrals.

Information from the CONNECT project (ABCUL 2008) indicates that some Citizens Advice Bureaux offer a dedicated emergency helpline for credit union clients. In other places, debt advice outreach services are offered that a credit union member can access in the credit union on particular days. However, in general, what seems essential is that the credit union and advice agency are very clear with each other about how credit union referrals broker access to advice, so that the credit union can explain the advice agency offer to the person they are referring.

The money advice project assisted Southwark Credit Union in embedding money and debt advice into its lending administration process.

A prioritised referral system demonstrated the possibility of offering those referred a more seamless service. However, it is clear that prioritised referral arrangements are often likely to depend on additional, dedicated funding that will increase organisational capacity. Nevertheless, around the country, credit unions and advice agencies have been able to develop working arrangements, based on existing resources that allow for people to be seen on a referral basis, even if this did not entail ring-fenced solutions. The ABCUL/Citizens Advice Connect Project has identified a number of examples of referral systems that can be maintained without external subsidies (ABCUL 2008).

Credit administration

SCU-MAP assisted SCU to embed money and debt advice into its lending administration process and build on its existing practice of referring overindebted members to telephone debtlines. The project allowed the credit union to employ a part-time dedicated debt support worker, who worked closely with the loan officers to offer assistance to people seeking loans or help from the credit union. There was evidence from beneficiary interviews that the debt support worker added value to the credit administration process and encouraged members, particularly those deep in debt, to take up referral opportunities.

However, the debt support worker post was part-time only and, in many ways, this meant that the incumbent was unable to maximise the potential that such a role in a credit union might have afforded had the post been full-time. For example, there was insufficient capacity to introduce systematic pre-referral support procedures for overindebted members or to offer the kind of intensive support, e.g. attending first advice agency interviews, that many members would have benefitted from. Follow-up on the outcome of referrals was equally intermittent and did not benefit from an inter-agency system of information sharing.

Despite this resource limitation, there was some evidence from interviews with credit union staff that the introduction of the debt support role had contributed to strengthening the capacity of the credit union to become more rigorous in credit assessment and loan granting. A loan was not seen as always in the best interests of an already overindebted applicant particularly when the opportunity for money and debt advice existed.

However, there was a degree of concern expressed by some advisers that this had led to the credit union to decline an increasing number of loans in favour of making referrals. The view was expressed that some of these applicants would have been granted loans in the past and, despite their overindebtedness, would have prioritised their repayments. However, no statistical evidence was available to support this view. Nevertheless, the project did point to the debt support role as part of an effective credit administration process.

Generic financial advice

BAC offers a money and debt advice service. It enables people in debt to explore and access various debt remedies and assists them with money advice aimed primarily at income maximisation and assisting with a range of 'crisis' issues and concerns. However, what was clear from interviews with beneficiaries was that some of those referred for debt advice were actually seeking generic financial advice or money guidance. As defined by the FSA, they were looking for help *"to identify and understand their financial position and their needs and to plan their finances accordingly"* (FSA 2005).

Most of this latter group of referred people were not seeking support with a present crisis, but rather assistance that would support them to plan to become financially stable and avoid overindebtedness in the future. They were looking for financial advice that would cover issues such as basic budgeting, money management and planning ahead, making choices in the financial market, and for basic information on saving and current accounts.

What was clear from beneficiaries was that some of those referred for debt advice were actually seeking generic financial advice or money guidance.

The absence of generic financial and budgeting advice was an important gap in terms of meeting any high-level aspiration to providing a fully comprehensive 'financial inclusion' service. However, it should be acknowledged that there is evidence from other sources that assisting people to negotiate with creditors and reschedule debt repayments can, of itself enhance money management skills. This gap was recognised by all three partners, but it was beyond their current capacity to respond adequately to it, and equally, it should be acknowledged that such a lofty aspiration was not an expressed project aim.

With its commitment to debt advice, BAC did not see generic financial advice as part of its role. Equally, as a provider of financial services, SCU did not see such work as falling within its remit or range of competence. Nonetheless, it was clear from interviews that generic financial advice was an important unmet need of some of the people approaching the project for assistance.

The need for generic financial advice has been recognised by the money advice sector and Citizens Advice, for example, has pioneered its Moneyplan project (CA 2007) as a pilot programme in around 28 bureaux throughout the country. The model of delivery that was adopted involved a regulated independent financial adviser (IFA) providing advice by appointment in bureau premises or elsewhere, usually once a week. However, there is a case to be made for money advisers (i.e. those currently focusing on debt) to be given training to enable them to offer basic unregulated financial advice of the type that was sought by some of the beneficiaries of the SCU-MAP the project.

This is the kind of supportive and preventative advice envisaged in the Thoresen review (HMT 2007b, 2008), which, in an environment not linked to product sale, would enable people to make financial decisions, take charge of their affairs, and plan for the future. As discussed in the section on managing referrals above, unregulated advice *"stops short of recommending a product with a specific provider"*(HMT 2007b). However, if promoting such a service had the unintended consequences of advisers becoming over-cautious about crossing the regulatory boundary to the extent of failing to communicate the benefits of credit union membership to financially excluded people, this would be a loss all round. Building the capacity of advice agencies, or others, to offer generic financial advice needs to be done with careful consideration of the real needs of and practical options for financially excluded people.

Financial capability education

It was clear from interviews with end-user beneficiaries that financial literacy and capability were issues of importance on a par with the need for generic financial advice. Among some credit union members there was still confusion as to how the credit union operated and how best they could use the services of advice agencies. Although the project was not a financial capability initiative, its engagement with overindebted and financially excluded people inevitably revealed the importance of financial capability work as a means of enabling beneficiaries to take full advantage of the opportunities offered by credit unions and advice agencies working together in partnership.

Since the SCU-MAP project ended, BAC has become increasingly involved in the Southwark Financial Inclusion Forum, in which SCU also participates, and there are plans for joint work on financial skills for life and financial literacy work along with other agencies in the borough.

Organisations need to be able to develop relationships with each other that are based on a common purpose, which is then seen to result in benefits that are visible and unambiguous for themselves, for partner organisations, and for end-user beneficiaries.

Developing a strategic approach

The SCU-MAP project was built on a vision of developing a holistic approach to financial inclusion. However, due to a range of organisational difficulties, this vision was not fully communicated throughout both organisations and the strategies required to achieve that vision in practice were only partially developed. The result was that the project did not, in the end, become fully integrated into an inter-agency strategic plan for tackling overindebtedness and financial exclusion in Southwark.

For participants and stakeholders, this missed opportunity highlighted the central importance of developing a strategic and planned approach if credit unions and advice agencies are to work successfully together. Reports from elsewhere (Jones and Rahilly 2006) confirm that successful partnerships depend ultimately on high-quality strategic planning and the development of realistic and robust actions plans.

Organisations need to be able to develop relationships with each other that are based on a common purpose, which is then seen to result in benefits that are visible and unambiguous for themselves, for partner organisations, and for end-user beneficiaries. These benefits often only become evident when measured against clear and measurable strategic targets set out in action plans that can be monitored and controlled (Jones 2005).

It could be argued that the strategic vision of the project was compromised by its primary focus on debt advice and access to loans. For the most part, debt advisers viewed the credit union as a lending organisation and often failed to grasp its wider role in promoting financial inclusion through savings accounts, transaction accounts and access to insurance. A greater understanding of credit union products and services might have opened up the project not just to debt advisers but to generalist, housing and welfare benefits advisers at BAC as well.

Stakeholders noted, for example, in the roundtable discussion, that there were instances of advice agencies working with credit unions elsewhere that focused not so much on referring people in debt but rather on referring a wider range of people more generally that were in need of accessible financial services. One example was given of CAB advisers referring new immigrants who otherwise would have had difficulties in opening bank accounts to a credit union.

One dilemma for credit unions that surfaced during the project, although not unique to SCU-MAP and which indeed applies to all credit unions operating in the low-income market, is the importance of developing strategies to tackle financial exclusion without becoming regarded as primarily a *"poor persons' bank"*. The label of being a banking service for poor people not only militates against attracting a diverse membership, which is key to the financial security of credit unions as commercial entities (Goth et al. 2006, McKillop et al. 2007), but also results in the credit union becoming unattractive to poor people themselves. Research has revealed that avoiding the stigmatisation of customers is critical to operating successfully in the low-income market (Jones 2001). The challenge for a credit union in working closely with an advice agency is to ensure that it retains its image of serving both middle and lower-income members equally.

Managing partnership working

Comparing the Southwark money advice project with credit union and advice agency relationships elsewhere (Jones and Rahilly 2006), it is clear that partnerships can choose from among a range of organisational models and structures. These range from those based, as in Southwark, on strong notions of independence to those based on more fluid forms of inter-dependence. Some partnerships tend to be flexible and informal, while others are more structured and formal. Project analysis and consultations with stakeholders suggested that there is no single right or wrong approach to partnership working, and indicated that each initiative is forged in particular circumstances, dependent on the values, interests and goals of the particular participating organisations.

Partnership working requires the nomination of a staff member of relative seniority in each organisation to ensure that the partnership is taken forward successfully.

Reflections on SCU-MAP identified a series of elements that underpin success irrespective of the model of partnership working adopted. These are:-

- **The commitment of the board or trustees of participating organisations to partnership working.** Evidence from projects elsewhere suggests that long-term success depends on the support of respective boards of management or trustees. Partnerships perform well where boards and trustees regard the partnership as a key element in a strategic approach to tackle over-indebtedness and financial exclusion (cf. ABCUL/Citizens Advice CONNECT project 2008). Some partnership projects reported the value of having representatives of partner agencies reciprocally represented on each board.

- **The engagement of both senior and operational staff in the partnership.** It was evident in relation to the SCU-MAP project that success depends ultimately on the vision, direction and control that senior management bring to a project, which can then result in good referral practice.

- **The leadership of a named person responsible for partnership liaison in each participating organisation.** It was clear that partnership working requires the nomination of a staff member of relative seniority in each organisation to ensure that the partnership is taken forward successfully. Otherwise, with the pressure of other commitments, a project can lose its priority among the competing agendas of busy organisations. SCU-MAP provided clear evidence that unless a project is embedded within the structure of participating organisations, it will be particularly vulnerable when key staff members leave.

- **A clear statement of the strategic direction, mission, goals and purpose of the partnership.** A clear analysis of the strategic significance of the project is required in each partner organisation in response to the defined needs of potential beneficiary groups. Evidence from partner projects elsewhere confirmed the importance of an inter-agency integrated approach to strategic planning, preferably within the wider context of a financial inclusion strategy for a neighbourhood or borough.

  Partnership working needs to connect to the bigger picture, building links and networks based on access to financial services, money and debt advice, generic financial advice and financial capability initiatives. Integrating the value of income maximisation within a partnership approach is particularly important.

- **Actions to promote partnerships and their services among external organisations.** Promoting the benefits of partnership activities particularly to/via community outreach services is particularly important.

- **A clear definition of roles and responsibilities in written protocols, operational procedures, service level agreements and terms of reference.** It is important that agreed terms of reference and working principles are formulated in a statement of common understanding, as this will help ensure that partnership working is embedded within organisational practices and will survive over time.

- **Ongoing staff training and education.** Partner organisations need to take action to ensure that the principles and practice of partnership working are embedded within their organisational cultures and operations and understood clearly by staff members.

- **Regular communication throughout partner organisations.** Success in partnership working involves regular communication with staff members, both within and between partner organisations. Successful partnerships have prioritised regular joint-agency meetings and set time aside for a partnership project slot at staff meetings.

Partnership working involves a commitment to the resolution of complex and contested issues in a way that does not undermine the partnership and compromise its wider mission.

- **Monitoring and evaluation.** Best practice in partnership working depends on learning from experience. This involves some form of monitoring and feedback on referrals in order to ensure that they are appropriate and in the best interests of members and clients. Regular monitoring and evaluation assists the revision of policies, procedures and protocols and offers the opportunity to tackle capacity issues in all the partner organisations. It also supports a positive approach to development and change within the partnership, bringing in new services and new partners as required.

- **The acceptance and management of complex and contested issues.** Partnership working involves a commitment to the resolution of complex and contested issues in a way that does not undermine the partnership and compromise its wider mission.

- **Joint action on ongoing funding.** Good management includes joint action to identify future ongoing external funding and support in order to ensure project sustainability.

Overcoming barriers

The SCU-MAP project revealed the complexities and barriers that credit unions and money advice agencies face when developing partnership working. As has been outlined in this report, some of these arise from the principles, basic assumptions and organisational culture of the respective sectors and agencies involved, whilst others emerge from more practical considerations. These latter, many of them noted in the previous section, can be overcome, as in any partnership project through good management, leadership and the availability of relevant resources. The former, more fundamental issues are by definition more problematic. However, in research consultations, participants considered that there were potential ways forward in all the key relevant areas.

Many of the more complex issues have already been explored in this report, and ways to overcome the barriers that they present have included considerations of the following:-

- **The issue of independence.** Independence is an issue for both advice agencies and credit unions. However, there are different models of partnership working, from close co-operation of services to more independent formal relationships. Adopting a partnership model that both organisations are comfortable with is the first step to overcoming concerns about organisational independence. For advice agencies, it is a matter of basic *'best interests of client'* principle that they do not, and cannot, be perceived to favour any particular referral agency.

Many advice agencies have found that they are able to work with a credit union while retaining independence, so long as they make it clear that they are not acting as an agent for a credit union, they ensure clients are aware of the advantages and disadvantages of credit union membership, and they offer information about the credit union in the context of all other options open to the client. Credit union independence is ensured when agencies recognise, and inform clients, that the credit union takes all responsibility for the granting of loans and the opening of accounts and that a referral to a credit union does not automatically entail immediate access to financial services.

- **Advice agencies and referrals to a financial institution.** The research findings pointed to particular complexities that advice agencies sometimes face in making a referral to specific, i.e. nominated, financial institutions. Not only were there concerns about the financial promotions regime *(see Managing Referrals above)*, but some advisers felt uncomfortable about recommending an organisation that might become a future creditor of a client. Given the provisos noted in regard to independence above, advice agencies should have no problem in suggesting a credit union to a client so long as it can be shown that this is in the best interests of the client (OFT 2001). Financially excluded clients have limited choices in relation to access to financial services and advisers need to ensure that concerns about recommending a financial institution do not lead to greater overall financial exclusion on the part of their clients.

- **Borrowing one's way out of debt.** For many money advisers it is axiomatic that overindebted clients should never borrow more money either to pay off debts or to fund other financial needs. For the most part, this is a fundamental element of debt advice and appropriate in most circumstances. However, equally, many advisers working in the financially excluded 'market' recognise that a strict application of this principle may not be in the best interests of clients. For example, such an approach rules out of bounds any repayment of outstanding commitments by means of taking out credit union loans, despite the fact that this can be, in certain circumstances, a very successful tactic (see Jones 2008b). Taking out a credit union loan may be an individual's best option in preference to resorting to high-cost alternative lenders.

The project revealed that barriers can be surmounted if credit unions and advice agencies are transparent in their dealings with one another, endeavour to develop trust and understanding, and ensure that the interests of beneficiaries remain paramount.

Another possible barrier to partnership working, which was noted in stakeholder discussions albeit not arising directly from the project, was the use by credit unions of the Eligible Loans Deductions Scheme. Under this DWP scheme, credit unions are able to register with the DWP so that, within certain limitations, they can apply for deductions from certain prescribed welfare benefits awards of members who default on their loans. The aim of the scheme is to encourage credit unions to make loans otherwise judged to be risky.

However, advisers considered that this *"risked ratcheting the temperature up a bit"* as it made credit union loans potentially different from other commercial loans. In money advice parlance, it gives credit union debts, which are non-priority, the effective status of priority debts, which in turn sets a precedent. In the end, this may be one of the issues on which credit unions and advice agencies fail to agree, but given the fact that only about forty credit unions nationwide have signed up for the ELDS, it is not likely to have an immense impact on partnership working in practice.

For the most part, the project revealed that barriers can be surmounted if credit unions and advice agencies are transparent in their dealings with one another, endeavour to develop trust and understanding, and ensure that the interests of beneficiaries remain paramount. Of course, it is deciding where the best interests of the client or member lie that brings up issues of the 'devil's detail'.

One example of likely credit union and advice agency divergence of opinion concerns the priority that some credit unions wish to be given to the repayment of credit union loans, even in cases of financial hardship. This issue did not arise in the course of the SCU-MAP project, but has occurred elsewhere, particularly in situations where advice agencies recommend and make referrals to credit unions. In cases of default, the fact that a credit union loan is a non-priority debt can be difficult for some credit unions to accept, since they may consider that continuing to pay the loan keeps open a line of credit for members, which is a basic financial inclusion issue and ultimately in the best interests of the member.

Defaulting on a credit union loan would close the line of credit to the member, leaving the person, when in credit need, with little option but to return to high-cost lenders. In Scotland, there was even a move to obtain an amendment to legislation in regard to provisions relating to protected trust deeds. It was argued by some credit unions that it was advantageous, both for members and for the long-term stability of credit unions, if a debt to a credit union became preferred in a protected trust deed or if the debt was not dischargeable by sequestration, (giving it equal status with a student loan) (SG 2007). However, this move was understood, but not supported, by ABCUL and was ultimately unsuccessful. Clearly, any partnership agreement relating to how to deal with referred clients who default on loans to the credit union *(see section 6 on Managing Referrals)*, must first address any priority debts of the client.

Project consultations pointed to the importance of having access to better information resources for advice agencies and credit unions entering into partnership arrangements.

Project consultations pointed to the importance of having access to more and better information resources for advice agencies and credit unions entering into partnership arrangements, which would assist them in understanding the issues concerned and agreeing ways of overcoming barriers to collective working in advance. A series of questions were identified in the course of the project evaluation and it is suggested that they might be of use to advice agencies and credit unions as a checklist to use in preparation for developing partnership arrangements. These can be found in Appendix 1 of this report.

Since the end of SCU-MAP, the Citizens Advice and ABCUL CONNECT project has developed a range of information resource sheets and a best practice guidelines toolkit for Citizens Advice Bureaux and credit unions (ABCUL 2008). These are based in part on some of the learning that has emerged out of the SCU-MAP project.

7 Conclusion

The SCU-MAP project was a pilot initiative located in a new and significant area of financial inclusion policy and practice. When it was conceived in 2005, there were few formal partnership arrangements that existed between credit unions and advice agencies. SCU-MAP succeeded in offering a new service to its beneficiaries and creating the beginning of a new understanding between the credit union and money advice sectors. Importantly, the reflections and discussions it provoked were able to generate a body of knowledge on credit unions and advice agencies working together. It revealed some of the complexities and dilemmas that money advice agencies and credit unions face, but also indicated how issues could be resolved to the benefit of existing and future partnership projects. It was able to inform national thinking in this area (ABCUL 2008).

The challenge for all partnership projects is to ensure that the linking up of credit unions and advice agencies is built upon a shared understanding of the overall benefits of an integrated approach to financial inclusion.

The driver for the project, as for similar projects since, was the opportunity it afforded for developing a joined-up, holistic approach to tackling overindebtedness and financial exclusion. Despite the difficulties and challenges, the project confirmed the importance of a strategic, collaborative approach both for credit unions and for advice agencies. Partnership working is potentially a win-win situation all round. It adds value to credit union service delivery, affords greater rewards for money and debt advisers, and offers the opportunity of greater long-term financial stability to beneficiaries.

Yet the challenge for all partnership projects is to ensure that the linking up of credit unions and advice agencies is built upon a shared understanding of the overall benefits of an integrated approach to financial inclusion. Money and debt advice, together with access to affordable financial services, needs to be linked with access to generic money advice, financial capability work, income maximisation measures and money management programmes. The related challenge, of course, for organisations acting in this area is for partnership programmes to be led and managed well. At the heart of all effective partnership projects are effective and efficient referral policies and practice.

Even with its limitations, the SCU-MAP project carried out the important function of highlighting the need for well considered and well subsidised longer-term initiatives if credit unions and advice agencies are going to respond effectively and lastingly to the needs of overindebted and financially excluded individuals and communities. Collard et al. (2003) have revealed the importance to low-income consumers of having access to locally-based community organisations. Credit unions and advice agencies can offer that local access and effectively reach out in the longer term to those excluded from mainstream financial services. But to do that, they need resources.

It is worth remembering that the SCU-MAP project was established with only £15k of financial investment. This supported the delivery of a twelve-month pilot project which, with operational start-up time factored in, only functioned for a ten-month period. When seed-corn funding ended, so did the project, as there were no funds available from the core budgets of the participating organisations to sustain services. In the ten-month period, however, the project was able to enhance knowledge of effective practice in this area, on which future partnership programmes can be and are being built. New initiatives are emerging nationwide through, for example, the Citizens Advice and ABCUL CONNECT programme (ABCUL 2008).

In the wider advice sector, too, there are new initiatives linking up advice agencies and credit unions. BAC, alongside SCU, is part of the Southwark Financial Inclusion Forum, (one of around a dozen across England and Wales) which is planning new partnership initiatives in the area of financial capability education.

Long-term solutions will, however, depend on continuing external financial support, whether from Government, charitable trusts or the private sector. There is much 'to play for' and it is sincerely hoped that this project will support the argument for further resourcing of cost-effective initiatives that have a key role to play in meeting the financial inclusion needs of individuals and communities throughout Great Britain.

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Appendix 1

Developing a partnership – a checklist for credit unions and money advice agencies.

This series of questions were identified in the course of the project evaluation and it is suggested that they might be of use to advice agencies and credit unions as a checklist to use in preparation for developing partnership arrangements.

Why develop a money advice / credit union partnership?

- What is the vision of the partnership?
- What is the strategic purpose of our working together in partnership?
- How will working together combat overindebtedness and promote financial inclusion?
- What do we mean by a partnership? How is it more than just working together, ie more than the sum of its parts?
- What are the values and principles that our organisations share? Are there any that are different?
- What priorities do we share? Are there any that are different?
- What are the likely difficult or contested issues in partnership working? How are we going to surmount them?

How to develop a money advice / credit union partnership

- What commitment to the partnership is there from the board or trustees of each organisation?
- How does the partnership relate to the strategic development of each organisation?
- What model of partnership working will be adopted? Is it one based on close working practices or on a more arms-length foundation?
- What management systems do we need to put in place?
- What resource implications are there in developing a partnership?
- What financial commitments are required and how will these be met?
- Who will be responsible for the operation of the partnership?
- How will partner organisations liaise?
- What protocol, memorandum of understanding or service level agreement do we need to have in place? Do these need to be in writing and agreed by the board, trustees or senior management of the participating organisations?
- Do we have a plan of action? How will this be developed?
- How will we promote the partnership while retaining organisational independence?
- Do we need to involve anyone else in the partnership? If so, in what capacity - referral agency, advisory body etc?

Managing referrals

- Have we agreed what we mean by a referral? How does this differ from a recommendation or signposting?
- What are the practical issues in relation to managing referrals?
- Will we need a written policy on referral practice?
- How will we manage issues around capacity and the making of appropriate referrals?
- What do staff members need to know to manage referrals competently?
- What referral monitoring or evaluation systems will we need to put in place?

Staff training and development

- What training/induction/briefing/promotion in the two organisations is required, and at what levels?
- How will partnership working be linked to staff development?
- What joint training is required?
- How do we plan to link training to effective service delivery?
- Do we know the kinds of training that are available? How will we find out?
- How can national trade associations or membership bodies help in supporting the partnership?

Research Unit for Financial Inclusion

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For further information on RUFI see
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