



## **Quids In Case Study: Cumbria Debt Rescue and Financial Advice**

Commission for  
Rural Communities  
Tackling rural disadvantage

### **What is it?**

Uptake of credit union loans to date has been low in Cumbria, due to poor geographical coverage, credit union capacity, and the joining regulations that effectively prevented the granting of a loan as and when the need suddenly develops. High-interest 'doorstep lending' was subsequently prevalent. Derwent & Solway Housing Association (D&SHA), in partnership with the majority of the credit unions and major RSLs in Cumbria, some Local Authorities and the County Council, has co-ordinated the development of an innovative approach to improve access to affordable loans in Cumbria.

The Debt Rescue and Money Advice (DRAMA) project, started out as a bid to run a loan underwriting service for credit unions to offer immediate loans to those with urgent priority debts or in emergency situations, although the partnership subsequently secured DWP Growth Fund monies to allow the expansion of loans across the county. In subsequent years it is intended that the partnership will seek other funding for the service to enable it to deliver its wider aims, including: access to immediate affordable credit; provision of basic money advice and outreach work; development of banking services via the credit unions; expansion of the credit union movement county-wide.

### **How does it work?**

The original scheme was based around offering a referral service to target customers with urgent priority debts or with emergency situations in the home. The credit union would consider the application, and the loan would then be underwritten by the project. Follow-up money advice would be provided to ensure that the client would be in the best position to manage their financial situation.

The current scheme uses Growth Fund monies to enable an increase in the number of projected loans to be readily made within the County through the existing credit union structure. In setting the scheme up, a major bank committed to meet some of the revenue and capital costs not eligible for Growth Fund monies. Loans are available to anyone within the bond area to be allocated based upon the DWP's definition of 'low income', and quick decisions are made.

### **What are the key features?**

- DRAMA partners contributed towards a development funding package to develop the proposal and deliver a 5-year business plan (demonstrating long-term commitment to potential funders)
- Sharing of best practice: design of the original scheme was developed from a successful existing project in the South Wales coalfield
- Given the needs of the target group (which includes those with urgent priority debts, or emergency situations), speed in decision-making was considered to be crucial and so a quick process was established

- Use of a variety of methods of promotion and marketing, including: the multi-agency web portal 'i4Cumbria' which advertises community services and regeneration activities; customer newsletters of partner RSLs; outreach activities; poster marketing campaign; word-of-mouth
- Potential additional benefits from the scheme have been highlighted, including: new membership for credit unions to support their growth and sustainability; RSLs, Local Authorities and other service providers will be able to promote other service-related issues
- A strong collaborative sub-region partnership has been established to address the wider financial inclusion agenda. Long-term aspiration to establish a sub-region wide Federation of Credit Unions to enable a wide range of banking services to be offered, and to offer greater access to credit union services for the county's residents.