Unlocking Credit Unions

Developing partnerships between credit unions and criminal justice agencies

Chris Bath & Paul A Jones
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Unlock is an independent charity and membership organisation for reformed offenders. Its vision is equality for reformed offenders, defined as a society in which reformed offenders are able to fulfil their positive potential through equal opportunities, rights and responsibilities. It achieves its goals through projects, campaigns, and the provision of information, advice and support, aiming to highlight need, initiate new services, improve existing services and bring about system change. Since 2005, around 80 per cent of Unlock’s resources have been dedicated to tackling the financial exclusion of people with convictions and their families.

The Research Unit for Financial Inclusion at Liverpool John Moores University has wide research experience in the development of financial services for people on low incomes or who are facing financial instability or exclusion. The research reports Banking on a Fresh Start and Still Banking on a Fresh Start (The Co-operative Bank, 2008, 2009) explored the specific needs of people in and after prison for banking services and were widely reported in the media. Previously RUFI carried out research for Citizens Advice into the impact of the financial education programme, Financial Skills Training at HM Prison Liverpool (Jones P.A. 2006).
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Executive Summary

Introduction

Financial exclusion compounds the social and economic disadvantage of people within the criminal justice system who are seeking to desist from crime and re-establish themselves in society.

Since the mid-2000s, many prisons and banks have developed partnerships which enable people to open a bank account prior to release. However, some prisons have turned to credit unions to provide financial services both post release and during a sentence.

This report is based on a research study undertaken by Unlock and the Research Unit for Financial Inclusion in 2012 into the benefits, barriers and strategic options for credit unions in the development of financial services for people in the criminal justice system in England and Wales. It identifies how credit unions, prisons, probation and other agencies can work together to support the reduction of re-offending.

Credit unions, prisons and criminal justice agencies

Credit unions are not banks, but rather are not-for-profit financial co-operatives with a mission to serve their members and a culture based in community engagement. The appeal of credit unions to prisons and criminal justice agencies was their wide experience of the needs of low income individuals and of assisting people excluded from the mainstream financial system on a pathway to financial stability and security.

A small but growing number of credit unions offer savings accounts and/or current accounts to people in and leaving prison, as well as a wider range of financial services to people serving community sentences and to the families of people in the criminal justice system. In total the study identified 22 credit unions engaged with criminal justice agencies.

Credit unions were prepared to offer savings accounts to people in prison. All 13 credit union and prison partnerships in the study promoted the value of saving for release in order to financially support the return to society. It is often a lack of funds to manage the first few weeks out of prison that leads many people to re-offend.

About a third of credit union and prison partnerships offered a current account to people on release or in open prisons. Others were able to offer savings accounts that could receive any mix of wages and welfare benefits.

Around two thirds of credit unions working with prisons saw the most important benefits of the partnership in terms of the reduction of the risk of re-offending and the improvement of their rehabilitation and resettlement services.

Credit unions and prisons – partnerships in practice

The report includes four case studies to illustrate the range of credit union and prison partnerships in England and Wales. These are: Leeds City Credit Union working with HMP Leeds since 2006; White Rose Credit Union working with HMP Wakefield since 2011; South Yorkshire Credit Union working with HMP Lindholme since 2011; LASA Credit Union working with HMP Swansea since 2012.

The first two partnerships offer savings and current accounts to people in and leaving prison. The second two offer savings accounts alone but which can be used for the receipt of wages and/or welfare benefits after release.
Establishing effective partnerships

The report explores the experience of credit unions and prisons in establishing effective partnerships. Partnership operation and practice was variable but common themes emerged from case studies, an online survey and interviews. Establishing effective partnerships between credit unions and prisons typically depended upon:

1. The commitment of both the credit union and prison at a senior level
2. A high level of goodwill and trust between prison and credit union staff
3. The development of robust and mutually agreed procedures
4. Appointing a single co-ordinator in the prison (prison officer or benefits advisor) and in the credit union
5. Procedures for identity verification based on the now standard NOMS pro-forma in PSI 44/2011
6. Active support from prison staff with credit union promotion, applications and account opening procedures.
7. The support of the prison finance department
8. Agreement on usage of the account in prison (typically limiting it in order to minimise administrative burden and avoid challenges posed by money laundering regulations).

Credit unions and prisons highlighted challenges in developing effective partnerships. On the prison side they were prison security, prison service regulations, and identity verification requirements. For credit unions they were; FSA regulations (mainly relating to common bond), fear of existing members’ views, prisons’ poor communication and reluctant senior managers, agreeing policies and procedures, and the high costs combined with no income opportunity.

Progress and expansion

Partnership working between credit unions and prisons is a relatively recent phenomenon. However, in a number of prisons the take-up of accounts has been promising.

1,000 prison savings accounts were opened in one credit union and several hundred in another. The take up of current accounts has been lower, but in some credit unions it has been significant. The majority of survey respondents reported that take-up of savings and current accounts was either roughly as expected or was higher than expected, given the stage of development of particular projects.

There was a high level of interest among prisons and credit unions to expand credit union engagement with the criminal justice system. Of the 28 respondents to the online survey from credit unions that had never dealt with a prison in the past, 21 (75 per cent) said that they would be interested in developing a link with prisons.

Of the 18 responses from prisons that had heard of credit unions but had never worked with one, 12 (67 per cent) said that they would be interested in developing a partnership with a credit union.

In interviews, however, credit unions and prison confirmed that the biggest hurdle to greater expansion concerned the resources and the financial investment required to develop an effective service.

It was noted that the enhanced credit union capacity that could emerge through the DWP expansion project offered an opportunity to widen access to credit union services within the criminal justice system.
Credit unions in the community

Once in the community, people who joined a credit union in prison became regular credit union members with access to a wider range of credit union products and services.

One issue faced by all credit unions was the need to offer a transfer to other credit unions when people left prison to reside outside the credit union’s area of operation. Some managers said that there was need for a national system for inter-credit union transfers.

A number of credit unions were working closely with partner organisations in the community to offer products and services to people coming out of prison or otherwise under probation supervision. Key partners included social housing providers, probation trusts, money and debt advice agencies and specialist rehabilitation and resettlement projects. London Probation Trust’s pilot scheme, in which it has commissioned Camden Credit Union to provide services in Approved Premises, provides a blueprint for how community partnerships could be expanded nationally.

A small number of credit unions specifically reached out to the partners and families of prisoners, but it was clear that this is not generally the focus of most partnership working. One credit union specifically targeted the families of prisoners through the opening of collection points in visitors’ centres.

Credit union membership among people employed by the criminal justice system is lower than credit unions’ expectations.

The value of saving

Unlike banking services, where the focus has been on enabling people to open an account for use after release, the engagement of credit unions in the criminal justice system has primarily focused on enabling people to save.

Having savings can fundamentally change the way people feel about themselves and build their confidence and their status as members of society, predisposing them to desistence from crime. This study also found evidence that saving with a credit union in prison supported critical family connections, highlighting the importance of social identity in the process of desisting from crime.

Integrating the policy framework

It is accepted in penal policy that access to financial services and good money management is central to a person’s welfare both in prison and after release. Exclusion from financial services combined with poor money skills fosters, rather than discourages, a return to crime.

The importance of enabling access to financial services for those in or leaving prison is increased within the changing policy context of the ‘rehabilitation revolution’ and welfare changes. Policies on prison earnings, welfare to work, the payment on account system which will replace crisis loan and interim payments, and universal credit, all require people to become functioning economic citizens with access to financial services.

The rehabilitation revolution envisages an integrated approach to offender management in which police, probation, prisons, local authorities and voluntary partners are involved in reducing re-offending. This research suggests that there is a role here for credit unions insofar as they can offer people in and leaving prison, and on community sentences, the kinds of financial services that may serve their needs better than those provided by the banking sector.
Conclusion

The number of partnerships between credit unions and criminal justice agencies in England and Wales is currently limited, but has significant scope for expansion.

Socially-oriented credit unions are able to make a distinct contribution to people in and leaving prison, and on community sentences, through enabling access to savings and/or current accounts within a community based organisation. Saving in a credit union can have an important social and psychological impact on an individual’s effective resettlement and reintegration.

However, revenue opportunities for credit unions that offer services in prisons or to low income individuals after release are near non-existent. Credit unions are engaged with the criminal justice system due to social responsibility and concern. Costs of delivery are met out of their core funds, as they are by prisons, Jobcentre Plus and voluntary sector agencies, through allocating already scarce staff time.

It is the intention of the Government to see “payment by results spread right across rehabilitation by the end of 2015” to “open up the provision of post-prison services to a whole host of new participants” (MoJ 2010). It is suggested that this may offer a route to sustainability through the commissioning of credit unions to deliver services in prisons and within the criminal justice system. On current evidence, relationships between prisons and credit unions appear unsustainable without additional funding.

Notwithstanding the complexities of criminal justice agencies financial requirements, it is also suggested that they could become corporate members of credit unions and deposit some financial assets within them. This would assist credit unions to generate income to sustain activity through developing their loan portfolios.

Recommendations

26 detailed recommendations are provided.

Government should explicitly recognise the potential of credit unions in the ‘rehabilitation revolution’ and support them through infrastructure support and disseminating commissioning advice.

Credit unions should work with criminal justice agencies, and other credit unions, to understand the needs of people in the criminal justice system and their families, ensure products, services and systems meet their needs and include them within their membership.

Prisons should consider how credit unions could assist in achieving their mission and, if so, consider direct commissioning. They should focus on those with the capacity to meet need and integrate services with financial education and advice. They should share information across the prison system and make it available in visitors’ centres. They should work with credit unions to develop a low cost process for families to send money in to prison.

Partnerships should appoint named and appropriately resourced co-ordinators, develop robust processes and procedures, and rigorously and honestly cost services. They should avoid inaccurately stereotyping credit unions as ‘for the poor’ or ‘for offenders’ and encourage staff to join.

Probation and community based organisations should consider whether credit unions could assist in achieving their mission and, if so, consider direct commissioning. They should make information available in probation offices and community centres and integrate credit union services with existing work on education, work and finances. They should consider how family members can also be engaged, either through signposting to credit union information points or hosting credit union volunteers.
1 Introduction

Over recent years there has been a growing interest within the prison estate in enabling people in prison to obtain a bank account prior to release. This has been driven by a focus on resettlement and on the reduction of re-offending in penal policy. For without a bank account it is more difficult for people leaving prison to become an economic contributor as they transition into society; moving into a job, education and private rented accommodation. With impending welfare reform, a bank account will be even more important for the receipt and management of universal credit, which will impact also on tenants in social housing. Within an increasing number of prisons, it is now recognised that the inability of many people leaving prison to access financial services reinforces social marginalisation, impacting negatively on desistence from re-offending.

Studies reveal that most people in prison have a history of social exclusion and have high levels of family, educational and health disadvantage, and poor employment prospects (SEU 2002, HMT 2007). To this can be added high levels of exclusion from financial services. The study “Time is Money” (Bath and Kimmett 2010) revealed that a third of all people in prison did not have a bank account. Another study undertaken for The Co-operative Bank (Jones 2008) found that 69% of people in a local prison in Manchester either never had a bank account or no longer had one now that they were in prison.

It is this reality of financial exclusion that led the National Offender Management Service (NOMS) to identify securing access to financial services, particularly to bank accounts, as a key area of work within the finance, benefit and debt resettlement pathway (NOMS 2005). However, in the mid-2000s, assisting people in prison to open a bank account before release was not easy and it often presented major problems for those prisons that wanted to ensure access to banking. Some high-street banks were reluctant to develop relationships with prisons and concerns about prisoner identification, address history and risk, both operational and reputational, led most banks away from serving people in prison. Once outside the prison gate, the situation was no better, and many people leaving prison, having no relevant proof of identity, photo identification or proof of address history, found that banks rejected their application to open an account.

However, some significant progress has been made. Since 2005, Unlock has worked with a number of prisons and most high street banks to develop procedures and agreements to assist in the opening of bank accounts for prisoners (Unlock 2007). By 2009, Unlock was able to map 53 prisons that had developed relationships with banks (Bath and Kimmett 2010); and, in the same year, following an agreement with the British Bankers Association (BBA), NOMS published a revised Prison Service Instruction (PSI 35/2009) (NOMS 2009) which instructed prison governors to support access to banking by using the ID verification procedures developed through the Unlock banking pilot projects (Bath and Kimmett 2010). These procedures allowed for a senior member of the prison staff to confirm the known identification of a prisoner and such confirmation would be accepted by a bank as sufficient proof of identity. Around the same time, two research studies for The Co-operative Bank (Jones 2008, 2009) also highlighted the progress made in enabling bank accounts to be made available in 29 prisons with which the Bank was working.
Unlock was able to record that, as of November 2012, 107 prisons (out of 131 prisons in England and Wales 1) now have a working relationship with a bank, allowing some people in prison to open basic bank accounts. 2

Nevertheless, despite advances, difficulties still remain and not all prisons have been able to develop a relationship with banks. While Barclays, The Co-operative Bank and Lloyds Banking Group (Halifax) have led, and HSBC and Santander are currently delivering pilot projects, other basic account providers (RBS/NatWest, NAB, Nationwide) have not yet committed their support for the initiative.

Such difficulties have led some prisons to turn to credit unions, rather than to banks, to provide financial services for people leaving prison. A small but growing number of credit unions now offer current accounts, but all offer savings accounts that can be also used for the receipt of wages and welfare benefits. The focus on savings accounts has also enabled prisons engaged with credit unions to offer savings facilities to people whilst still in prison, something which is not offered by the banks.

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1 Counts clustered prisons as individual sites e.g. HMP Isle of Wight as 3 prisons. This does not include immigration removal centres, foreign national prisons or high security prisons with no local function.

2 http://www.unlock.org.uk/staticpage.aspx?pid=10

3 The Credit Union Current Account is the equivalent of a bank’s basic bank account. It is a fully functional current account but without overdraft and cheque facilities. Credit unions endeavour to ensure that terms and conditions are favourable for their members. Currently about 18 credit unions in England and Wales offer a credit union current account.

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Credit unions, prisons and criminal justice agencies

This report is based on a study into partnership working between credit unions and criminal justice agencies. However, it was supported primarily because of a noticeable growth in the number of credit unions working with prisons. HMP Wakefield, for example, turned to White Rose Credit Union because it was unable to secure a working relationship with a bank. In Wales, LASA Credit Union took the initiative to offer financial services in HMP Swansea. One of the earliest partnership arrangements has been between Leeds City Credit Union and HMP Leeds which dates from 2007.

Partnership working between credit unions and prisons, and also with other agencies operating within the criminal justice system, potentially offers a new dimension and opportunity to enable people in and leaving prison to access financial services appropriate to their needs. For credit unions are not banks, but rather they are not-for-profit financial co-operatives which have a mission to serve their members and a culture that is based in community engagement. In Britain, credit unions have had a particular focus on serving low-income and financially excluded communities and on offering products and services for the low-income market.

Bath and Kimmett (2010) proposed that socially-oriented credit unions were in a unique position to support people in and leaving prison to access financial services. Even though not all credit unions can offer a basic current account, they can offer savings accounts that can receive any mix of wages and welfare benefits. For people not in prison, credit unions can also offer access to affordable loans, to budgeting and bill-payment accounts and often to a range of easy access payment and withdrawal mechanisms.
However, as the Bath and Kimmett (2010) report stresses, the credit union difference and its potential to effectively serve people in the criminal justice system relates not just to the range of products and services on offer. Rather it relates to the culture and approach of credit unions which acts in the favour of people marginalised from, but who wish to reintegrate back into, the community. Credit unions have a wider experience than banks of the needs and behaviours of low income individuals and of assisting people excluded from the mainstream financial system on a pathway to financial stability and security.

This report aims to offer an exploration and strategic analysis of the findings of the research study into the engagement of credit unions in England and Wales with prisons and agencies within the criminal justice system. It argues that credit unions offer a complementary and distinct service to that offered by the banks, one which is particularly suited to responding to the financial needs of low-income and financially excluded individuals within the criminal justice system. The report further argues, that with the enhanced capacity that could be established through the Department of Works and Pensions (DWP) credit union expansion project\(^4\), there is a significant potential for credit unions to expand their product and service offer within the criminal justice system.

\(^4\) In June 2012, the Government announced that it would make a further £38 million investment into the credit union sector conditional upon the credit union industry meeting a number of agreed milestones for collaboration, modernisation and expansion. The aim, as detailed on the DWP website is to support the credit union sector to provide the kind of financial services that people want for up to one million more consumers and do so in a way that enable credit unions to modernise, expand and become financially sustainable. Cf http://www.dwp.gov.uk/other-specialists/the-growth-fund/latest-news/
2 Financial services and the criminal justice system

People in prison are able to undertake financial transactions from their own account in order to support their time in custody (NOMS 2011). In the prison, each person is given a prison-controlled ‘private cash account’ which can receive funds from prison pay and from third-parties outside the prison. It can also hold the funds that a person had in cash on reception into prison. The prison cash account enables, subject to certain restrictions, withdrawals through prison spends and through transfers to accounts or to persons outside of the prison. All transactions are, however, subject to prison control and there are detailed instructions on the receipt of money and on the management of financial affairs outside of the prison.

It is important to note that a person’s management of their financial affairs whether inside or outside of the prison is set within a context of the “maintenance of security, order, control, prevention of crime and the safety and welfare of prisoners” (NOMS 2011). Good money management is seen to assist the stability and the effective functioning of the prison, and as central to a person’s welfare both in the prison and after release.

It is for this reason that Her Majesty’s Inspectorate of Prisons (HMIP) now has an expectation that, “Prisoners have the opportunity to gain the knowledge and skills required to manage their finances adequately in prison and on release.” (HMIP, 2012, Section 4.16). HMIP expands on this to state that it expects: -

Prior to release prisoners’ benefits applications are completed and all prisoners are encouraged and assisted to open a bank account.

All prisoners have the opportunity to attend courses on budgeting or that will build on their knowledge and capability with banking or other financial products” (HMIP, 2012. Section 4.16).

The internal prison account system, and its link with prison pay and spends, facilitates basic prisoner transactions, but it is not seen as sufficient to engender good money management. It is for this reason that HMIP (2012) stresses and expects that people in and leaving prison should be encouraged to open and maintain an external bank account. This is reinforced in Prison Service Instruction 01/2012 which recommends that if prisoners do not already have a bank account, and they have significant funds, they should be advised to open a bank account in prison and make deposits into it.

“If a prisoner already possesses an external banking account and during the course of his or her sentence, acquires cash exceeding £500, they should be advised that it is in their interest to transfer the excess to the external account. If the prisoner does not already have such an account, she/he should be advised that it is in their best interests to make arrangements to open one and staff should assist.” (NOMS 2012).

In the HMIP (2012) expectations, however, the focus is not just on banks, but also on alternative financial providers. High on the list of these providers are credit unions. There is a recognition that they may be able to offer people in and leaving prison the kinds of products and services that may serve their financial needs better than those provided by the banking sector.

“Prisoners have access to information on alternative financial providers that cater for ex-offenders and sources of affordable credit.”
Finance, Benefit and Debt

In 2004 the National Offender Management Service (NOMS) was established to join up the HM Prison Service and the Probation Service in a common endeavour to reduce reoffending. Its first action plan (Home Office 2004) drew heavily on the Social Exclusion Unit’s (SEU) previous report Reducing Reoffending by Ex-prisoners (SEU, 2002). It identified nine key factors that influenced reoffending: education, employment, drug and alcohol misuse, housing, mental and physical health, attitudes and self-control, institutionalisation and life skills, family networks and financial support and debt. Based on this understanding of why people often failed to desist from crime, the NOMS action plan developed seven distinct resettlement ‘pathways’ designed to reduce reoffending, one of which was finance, benefit and debt (FBD).

Although financial issues can be seen to cut right across all the other pathways, the FBD pathway did serve to raise the importance of financial capability, money management and access to financial services within resettlement policy and practice. In its 2005 delivery plan, NOMS (Home Office 2005) was more specific about the key issues and the importance of ensuring access for people in and leaving prison to bank accounts, to financial and debt advice, to insurance products and to appropriate financial education.

Running throughout the NOMS approach to rehabilitation and resettlement is an understanding that financial exclusion is but one aspect of social exclusion. Access to a bank account can therefore have much greater impact in the life of an individual in or leaving prison than access to a banking transaction facility alone. Research into access to banking in prison (Jones 2009, Bath and Kimmett 2010) has consistently highlighted the social and psychological impact of accessing a bank account. Being accepted as an account holder, in the same way as anyone else in society, can contribute to strengthening positive motivating factors that support desistance from crime.

The specific contribution that can credit unions make in prison relates directly to the social and psychological impact of accessing a savings or transactional account within a community based organisation. It is possible in prison for a person to save prison earnings and money sent in from outside in a prison account. But, as this report will show, this is socially and psychologically different to saving in a credit union. For in a credit union, even though in prison, the saver is a member of financial co-operative which can serve them in prison and then with a wider range of products and services once they are released. If held locally, the credit union can also serve a person’s family within the same local and community organisation. In these ways, joining a credit union might be considered to be a step forward in rehabilitation which is related to several of the other ‘pathways’, including ‘children and families’.

The NOMS 2005 delivery plan also focused strongly on the finance gap faced by prisoners on release. It was acknowledged then that the prison ‘discharge grant’ of £46 was insufficient to cover the period before benefit payments were received. A major concern therefore was to promote joint working between Jobcentre Plus (JCP) and NOMS to ensure the speedy payment of welfare benefits alongside actions to enable people leaving prison access a bank account.

Credit unions are able to make a specific contribution to assisting people in and leaving prison manage the finance gap on
release. Encouraging people to save in prison did not feature in the NOMS 2005 delivery plan. However, a major driver for prisons to build relationships with credit unions has been the value for prisoners of saving prior to release in order to financially support their return to society. For it is often a lack of funds to manage the first few weeks out of prison that leads many people to re-offend (cf. Hartfree et al. 2010).

The value of saving

Over the last ten years, in the credit union sector, there has been a development in understanding of the importance of saving in the lives of people on low incomes who have been unable to save in the past, or who have not had access to savings products appropriate to their needs and situation (Jones 2008). Traditionally, with a mission to fight poverty and exclusion, most British credit unions focused on the provision of low-cost affordable loans so that their members could free themselves from dependence on high-cost credit. However, credit unions increasingly realised that focusing first on lending can be like putting the cart before the horse (cf. Burger and Zellmer 1995). Enabling people to borrow at affordable rates can increase disposable income in the short term, but, by itself, it cannot lead to greater financial stability and independence. It leads often only to further dependence on future borrowing.

Credit unions realised that, rather than just enabling borrowing, it was helping people to build savings that more directly supported their moving out of poverty and into financial stability. For one thing, establishing a savings record brings its own level of financial security and builds the capacity of individuals to meet future expenditure without resorting to high-cost credit. In credit unions, it also results in access to lending at lower rates of interest.

But, even more importantly, as Sherraden (1991) argued, accumulating savings results in a range of positive social and psychological effects that impact on the health and well-being of the saver. These include a more positive self-image, confidence in being able to manage financial affairs, and a greater sense of determination to plan for the future. As Sherraden (1991) famously argued, it was incomes that fed peoples stomachs but it was savings (or assets) that changed their minds. Becoming a saver, a person with assets, changes the relationship with the financial system.

It is now widely recognised that it is encouraging saving that is the key element in moving people out of poverty and financial exclusion and into financial independence and stability (Kempson et al. 2005). Having savings can fundamentally change the way people feel about themselves and build their confidence and their status as members of society. As Prabhakar (2009) stresses, savings (or assets) are essential to the establishment of ‘social citizenship’. For Prabhakar, savings have an instrumental value that goes beyond their monetary value, as they offer people the opportunity to fulfil themselves as citizens within society at large.

The changing policy context

Criminal justice

The progress in enabling access to banking for those in or leaving prison appears even more important within the changing policy context of the Coalition Government. Soon after its election in May 2010, the Coalition Government published a Green Paper on tackling re-offending and heralding a ‘rehabilitation revolution’. ‘Breaking the Cycle: Effective Punishment,
Rehabilitation and Sentencing of Offenders’ was wide ranging and touched on courts, custody, community and various element of rehabilitation. It envisaged a new integrated approach to offender management, Integrated Offender Management (IOM), in which police, probation, prisons, local authorities and voluntary partners would work together in rehabilitating offenders to reduce crime.

Central to this new approach was the idea that people should work a full working week in prison and have deductions taken from earnings to make reparation to victims and communities. The practical reality of this policy as applied to the entire prison estate remains the subject of debate. However, a focus on rehabilitation, and an increase in meaningful work for real wages, goes hand in hand with the use of a bank account, both in prison and after release, as well as the opportunity to gain skills and confidence in financial affairs.

For example, the implementation of the Prisoners’ Earnings Act 1996 (in September 2011) requires that those in receipt of wages from an outside source have a personal bank account to receive the amount remaining after deductions for income tax, national insurance and a further 40% deduction be paid to the charity Victim Support. This currently applies to people in open and resettlement prisons doing paid work in the community.

Welfare to work

Once through the prison gate, the need to be able to use a bank account immediately is underpinned by moves to introduce a welfare-to-work system and Universal Credit. From March 2012, people leaving prison and claiming Jobseeker’s Allowance (JSA) have undergone a mandatory referral to the Government’s Work Programme, through which private companies and charities are contracted to provide support with accessing employment. As this is active from day one of release, the claim for JSA needs to be made in prison and be triggered immediately on release. Although a Post Office Card Account (POCA) allows the receipt of benefits, it does not allow wages and therefore does not support a smooth transition into work. This provides a very practical driver for prisons, and Jobcentre staff working within them, to ensure access to an operational bank account.

The Government plans to replace Crisis Loan Alignment Payments and Interim Payments with a system of advance of benefit for those people that can demonstrate that they are entitled to the benefit they have claimed, are in financial need, and can afford to repay the advance. A ‘payment on account’ system could help people leaving prison who are facing the finance gap on discharge. While the elements often relied upon to fill the finance gap (Community Care Grants and Crisis Loans for general living expenses) will be abolished, local authorities will deliver new local welfare provision from April 2013, though this will not be ring-fenced.

The payment on account system will be introduced from October 2013, alongside Universal Credit (UC) which will replace the existing range of income replacement benefits (Jobseekers Allowance, Employment Support Allowance, Housing Benefit, Working Tax Credit and Child Tax Credit). The Government’s intention is that UC will “mimic work and receipt of a salary” (DWP 2011) and, like a salary, will be paid monthly in arrears as one single payment per household. UC will effectively require people to have a bank account or similar. The transition to monthly payment is likely to create a need for a budgeting
and bill payment system as well, as featured in so-called Jam Jar Accounts.

**Access to financial services**

Underlying the Coalition Government’s approaches to welfare reform and the rehabilitation of offenders is the assumption that all members of society need to become functioning economic citizens with access to banking facilities. The assumption is made clear in this Government statement:

*The Coalition Government is committed to improving access to banking for consumers. It believes that the benefits of having access to banking will help tackle some of the problems faced by low-income families. This includes being able to receive payments through a variety of channels, offering a more secure place to keep money and reducing the cost of household bills. Consumers should also be able to trust the products and services available to them and have a wide range of choice.*

It is important to note the reference to a ‘wide range of choice’. The Breaking the Cycle Green Paper (MoJ 2010) confirmed the Government’s commitment to increasing the diversity of providers operating within the criminal justice system. This was taken forward in the Secretary of State for Work and Pensions’ publication, *Social Justice: transforming lives (HM Government 2012)*. This report described what the Government was doing to tackle re-offending and problem debt in low-income communities. The role of credit unions was seen as particularly important in assisting benefit claimants to manage UC in the future. It recommended that credit unions could increase access to basic financial services (banking, savings and credit) for up to a million more people on lower incomes and committed the Government to working with them and others to ‘make financial services more accessible and supportive to claimants’.

**Modernising credit unions**

Coalition Government policy increasingly sees a role for credit unions in offering appropriate financial services to people on lower and moderate incomes. From 2006 – 2011, as part of a strategy to fight financial exclusion, the previous Labour Government created the Growth Fund to expand the availability of affordable credit through credit unions and community development financial institutions (CDFIs). The aim was to enable financially-excluded borrowers to avoid resorting to sub-prime, high-cost loan companies and to move into credit union or CDFI membership. Nearly £100 million was invested into the Growth Fund which provided credit unions and CDFIs with capital for on-lending and revenue to cover administrative costs. Through the Growth Fund, 405,134 affordable loans to low-income members were made to a total value of over £175 million. Around 90 per cent of Growth Fund loans were through the circa 100 credit unions contracted to deliver the programme.

Unlike some public subsidies of the past, the Growth Fund was tied to credit unions operating as market-oriented organisations and to their meeting defined targets and operating standards. Growth Fund contracts were awarded only to credit unions that were assessed to have the organisational capacity to deliver affordable credit to large numbers of low-income people. At the same time, the Growth Fund itself had a strengthening effect on these credit unions. Independent evaluation revealed that 80 per cent of

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5 Financial Inclusion Taskforce (2010) web-site http://www.hm-treasury.gov.uk/fin_fit_index.htm
Growth Fund lenders improved operations and business practices as a result of the delivery of the programme (Collard et al., 2010). Some credit unions chose not to be part of the Growth Fund, however, preferring to remain independent of Government influence over the targeting of membership.

Overall the delivery of the Growth Fund was regarded as a success. As a result, in March 2011, the Minister for Employment announced the creation of a new modernisation and expansion fund of up to £38 million to replace the Growth Fund, which ended the same month. The new fund would not provide further capital for on-lending but rather would aim to modernise delivery and customer support systems so that credit unions, and some CDFIs, could extend products and services to many more people on lower incomes. From April to September 2011, the Government commissioned a feasibility study to explore ways of modernising those credit unions that are ready to expand.

In May 2012, the DWP (2012) published the results of the feasibility study, which established that there was demand from low-income consumers for modern banking products and services, and that credit unions were ideally placed, serving their local communities, to help meet it. As a result of the study, the DWP is progressing a major credit union strengthening programme. It is aimed at introducing automated systems to reduce operating costs, enabling credit unions to introduce an upgraded range of financial products and services and helping them to attract an economically diverse membership. These developments will undoubtedly enhance the capacity of credit unions to better serve people in and leaving prison and those in the criminal justice system in the community. Through the wider introduction, for example, of budgeting and money management accounts, people coming out of prison will be assisted to handle Universal Credit and to meet their financial obligations.

Credit unions are attractive to Government because they offer a range of simple products that people, including people on welfare benefits, can understand (cf. Sergeant Review of Simple Financial Products: Interim report HMT 2012) and also because they are embedded within local communities. In the context of this study, this will allow for closer working relationships with local prisons, with probation services and other agencies in the community that play a key role in reducing re-offending (cf. Punishment and reform: effective probation services 2012). By being also in a position to offer financial services to all in the community, credit unions can also support the families and friends of prisoners in their critical role of assisting the people they care for to the reintegrate back into the community.
3 Research study and methodology

The study

The empirical research study, on which this report is based, investigated the benefits, barriers and strategic options for credit unions in the development of financial services for people in the criminal justice system, both in prison and in the community. Its aim was to identify practical actions, approaches and interventions that credit unions, prisons, probation and other agencies could undertake together to best support the reduction of re-offending.

The study arose in the context of a small number of credit unions already having established partnership working with prisons, probation services and support agencies within the criminal justice system. The research question concerned the sustainability and long-term effectiveness of such partnerships and the identification of their difference from partnership arrangements prisons have with the mainstream banking sector. The research was keen to identify the added value that credit unions could bring within the criminal justice system.

The research endeavoured to set this enquiry within the context of recent changes in legislation and policy both in the criminal justice system and in the credit union sector. The focus had to be on how access to credit union products and services would support the Government’s overall policy aim to support the resettlement of offenders and to reduce the incidence of re-offending.

The aim of the research was to engage not just with prisons, but with probation and other agencies working in partnership with credit unions. However, given the relative levels of activity the major part of this report concerns credit union partnership work with prisons.

Research methodology

The research was both action-oriented and participative insofar as it sought to engage as many players as possible in a collective enquiry into development of best practice in the delivery of credit union products and services within prisons and within community settings.

The research methodology was based on the following key elements:

- The consultation group – this engaged a number of participants from the Ministry of Justice (NOMS), the Department of Work and Pensions, The Association of British Credit Unions (ABCU), a bank that supports the credit union sector (Barclays), representatives of people with convictions and their families, a credit union CEO, and a prison officer. The group was primarily consultative, but has the potential to develop into a working group beyond the project.

- Literature review – a review of current literature relating to credit unions and the criminal justice system and of existing and emerging policy, regulatory and commercial considerations affecting partnership working.

- An online survey - the survey was open to participants in credit unions, prisons, probation services and in agencies connected to the criminal justice system. It aimed to assist in the mapping of credit union engagement with the criminal justice system and to solicit the views of participants on the operation and effectiveness of partnership working.

103 individual respondents completed the survey – 57 were from credit unions, 33 were from
prisons and 13 were from probation services or other agencies working in the community.

The 57 credit union respondents were from 50 separate credit unions. There were 13 respondents from 11 credit unions currently engaged in a partnership project with a prison. There were 11 respondents who said that they were discussing working with a prison, five who had dealt with a prison in the past and 28 who had never worked with a prison.

The 33 prison respondents were from 25 separately identified prisons. There were 6 prison respondents from 5 prisons currently working in partnership with a credit union. Three respondents said they were discussing working with a credit union, 18 were not working with a credit union and another 6 said that they had never heard of credit unions so did not know how they could benefit their work.

The 13 responses from other agencies included three responses from two probation trusts, four responses from social housing providers, and seven from support and training organisations.

Case studies – four in-depth credit union and prison partnership case studies were undertaken in which key issues in the development of partnership working were explored. These involved interviews and/or group sessions with credit union and prison personnel involved in partnership working.

Focus groups – four focus groups were undertaken. These were with; (a) people on probation in the community, organised by London Probation Trust and hosted by User Voice; (b) a group serving prisoners at HMP Swansea (c) a mixed group of credit union and DWP staff, prisoner officers and a serving prisoner at HMP Leeds and (d) families of serving prisoners, organised by Action for Prisoners Families. In this families group, participants were drawn from a wide geographical area including Gateshead, Thornaby, Sunderland, Hartlepool, Bristol, South Wales, and Southampton.

Individual interviews – additional interviews with a number of stakeholders were conducted face-to-face or on the telephone. These included interviews with Prince Bishops Credit Union and Salford Credit Union.

Data from the online survey, case studies, focus groups and interviews was analysed in the light of the objectives and findings categorised in relation to emerging themes. The findings of the study emerge directly, therefore, out of the research engagement with prisons, credit unions, actual and potential beneficiaries of credit union services and agencies involved in or with a concern for the sector.
4 Credit unions and prisons – partnerships in practice

Four case studies were chosen to represent a range of credit union and prison partnerships in England and Wales. Three are in England and one in South Wales. The fact that the three English case studies are all in Yorkshire should not be regarded as of particularly high significance, except perhaps that there has been some mutual local influence on development. In two of the partnerships, in Leeds and Wakefield, credit union savings and current accounts are available; in the other two partnerships the credit unions only offer savings accounts.

Leeds City Credit Union and HMP Leeds

Leeds City Credit Union (LCCU) has developed partnership arrangements with both HMP Leeds, a category B local prison, and HMP Wealstun, a combined category C (closed) and category D (open) prison. Partnership arrangements are similar in both cases, but it is only the partnership with HMP Leeds that is discussed in this section.

The partnership between HMP Leeds and LCCU began in 2006 with a phone call from the prison’s DWP Job Centre Plus benefits advice manager to the credit union. She wanted to know if the credit union could open transactional accounts for people being released from prison. She was concerned that the many people leaving prison without a bank account had little choice but to resort to a Post Office card account (POCA) or, in certain limited circumstances, to giro cheques to receive welfare benefits.

For her and for many of her clients, the POCA or giro cheque solution to the receipt of welfare benefits was far from ideal. The POCA has limited functionality which does not allow the user to manage money effectively. The giro cheque solution is nowadays limited to particular cases but again gives the user no assistance in managing personal finances. The benefits advice manager considered that people leaving prison needed access to a transactional account as one important step on the road to resettlement, normality and financial stability. However, it was a step that was often denied them by mainstream banks.

At the time internal prison surveys had indicated that about 30% to 40% of the prison population at HMP Leeds lacked access to a bank account and that most of these people would find it difficult to open a standard bank account given the ID and address history requirements operated by the banks. It was for this reason that she approached the credit union as she envisaged that it would be able to offer a more flexible and local solution.

LCCU is one of 25 credit unions in Britain that offer the Credit Union Current Account (CUCA). This equivalent of a basic bank account is designed to be flexible and responsive to members’ financial needs, particularly those who had previously been financially excluded. LCCU had no problem therefore responding positively to the request from the prison and it was agreed that, if policies and procedures could be established, the CUCA could be made available to people on leaving prison.

However, it was soon realised that a current account was not suitable for people who wanted to use an account whilst still serving a sentence in the prison. Not only was there a weekly charge for a current account, people in prison had no real need for the functions of a current account. The credit union offer was therefore modified to the provision of a standard member savings account, but
with the option that people could apply for a current account on release if they wished to do so. Benefit payments could still be set up on release to be paid into the savings account for those who did not want a current account. The move to enable people to save in prison marked a significant difference from the projects that banks have with prisons, where the focus is on the provision of a basic bank account for use after release.

**Establishing a partnership**

In interviews, prison and LCCU staff stressed that the success of the partnership depended entirely on the support of the senior management of the prison and of the credit union. Their shared belief that supporting people in prison to open an account and to save would assist them on a pathway to financial stability and resettlement in the community was the key driver behind making sure the partnership functioned effectively.

At the outset, there were two main procedural hurdles to surmount. Firstly, the prison and the LCCU had to agree on the ID and application documentation needed to open the account and how this would be handled. Secondly, given that savings accounts were to be used in the prison, it was necessary to have the support of the prison finance department to send payments from prisoner pay to the LCCU.

The issue of ID was solved through the production of a new ID form which included the details of the applicant, the release address (if known) and a prison photograph certified by a prison officer as a true likeness. There was some debate as to the form of words to be used, but it was agreed that “I certify that this is the person known to me as xx” would suffice for credit union purposes. The ID form was then to be signed by the governor and sent to the credit union along with a standard application form.

Given the support of senior management for the partnership, assuring the agreement of the prison finance department was not particularly problematic. However, to simplify matters and to ease administrative control, it was agreed to keep transactions in and out of credit union accounts to the minimum. In normal circumstances, only funds from the prison pay could be deposited in the credit union account.

The partnership depended on the good will and trust between the prison and the credit union; and on the good relationships that have been built up between Jobcentre, prison and credit union staff. In fact, the key to its success has been the fact that key individuals in the three organisations have taken responsibility for the project and made it work. Staff noted that a service level agreement had been drawn up at the outset, but in reality the partnership works because of the development of strong relationships rather than because of written procedures.

**A focus on saving**

At first, it was the Credit Union Current Account that was to be offered in the prison. Account opening procedures were agreed, including sending the debit or ATM card and PIN number into prison property to be collected on release.

However, very early on, an important re-think took place. It was decided to offer a savings account rather than the CUCA, so that people had somewhere to save and to hold money from prison pay prior to release. This changed the character of the LCCU offer, making it distinct from any prison banking project operated by the banks (Jones 2008, 2009).

The aim was now not just to offer an account to receive future welfare benefits,
but to promote a culture of saving and to assist people to save for their families and their future while in prison. The focus was on using the account in prison and on promoting the social and psychological benefits of saving, even of small amounts. These have been identified as greater long-term thinking, better planning for the future and effective resettlement in the community (Sherraden, 1991).

The focus on saving also offered people the possibility of developing experience in managing an account which they could retain beyond the prison gates. The LCCU intervention was seen as enabling people to think about managing money through the practical experience of saving.

**Opening and using an account in prison**

The offer of the credit union savings account is now widespread throughout the prison. It is first offered at the time of induction and basic custody screening, when people are asked whether or not they have a bank account. If they do not, they are informed about the possibility of obtaining a credit union account whilst in the prison. All applications go through the Job Centre Plus benefits advice manager, assisted by two resettlement officers, who liaise directly with named contact individuals in the credit union.

Account functionality in the prison is purposely kept simple, to reduce the administrative burden and to avoid any money laundering complications. In normal circumstances, the account can only be used to receive transfers from prison pay or from a prisoner’s personal ‘spends’ account.

Any payments into the account from an outside party (e.g. a cheque from a friend or relative) would normally have to be made via the prison’s private cash system. Of course, the possibility of a direct deposit into the account exists but this would have to be by special arrangement with the credit union and the prison (e.g. for the deposit of a compensation or an inheritance cheque). To keep things simple, discharge grants are also not payable into a credit union savings account.

Withdrawals directly from the account, either inside or outside of prison, are not allowed. People in prison can send money out to third parties, but this would have to be from the prison private cash account and not from the credit union. Transfers from the credit union account back into the prison private cash account in order to make a withdrawal, are technically possible but rare and not encouraged, though there are one or two exceptions. In some cases, people are able to make payments to repay loans or rent arrears directly from the credit union savings account. This has been particularly helpful to some people who are endeavouring to pay off past debts whilst in prison.

Again in order to control account usage, and for administrative simplicity, joint savings accounts are not allowed. All accounts must be solely in the name of the person in prison.

The prison and LCCU are aware that the functionality of the savings account amounts to a limited offer, but both partners feel not only that it responds well to the needs of people in prison but also that it works and users are happy with it. When people have been asked what kind of account they wanted, they asked for an account in which they could save for release not one that would be open for transactions whilst they are in prison.
Money management project 2008–11

About a year into the partnership, the prison and LCCU recognised that there was an important gap in the delivery of credit union accounts in the prison. Opening an account is one thing, but using it effectively is quite another. It became clear that many people in prison, alongside accounts, also need access to money management support and guidance, and particularly assistance to resolve past debt issues. Many of the people who are currently financially excluded were once included and fell out of banking precisely because of over-indebtedness on their account (Ellison et al. 2010).

In 2008, LCCU successfully applied to the Tudor Trust for funding for a three year money management service to operate both in HMP Leeds and HMP Wealstun. This allowed the employment of a full-time money management co-ordinator who was able to work directly with people in prison and with their families supporting access to the LCCU savings account and offering advice on budgeting, income maximisation and debt resolution. The role of the co-ordinator in offering basic debt advice was central to the success of the service. Over £83k of debts was written off in the period of project and, in cases where debts needed to be repaid, the money management co-ordinator was able to set up payment arrangements with creditors for people in prison or their families through a LCCU budgeting and bill payment account.

In interviews, both prison and LCCU staff stressed the progress made in assisting people in prison to open savings accounts by having a full-time money management co-ordinator in the prison. She was able to promote awareness of the accounts on the wings, to support people in developing a savings habit and to enable referrals to the Job Centre Plus service in the prison which co-ordinated the opening of credit union accounts. In the period of the money management service 826 savings accounts were opened in the two prisons.

Since the ending of the money management project in March 2011, the service has been picked up by a part-time advice worker employed by Shelter on another initiative in the prison. This worker is only engaged for a few hours a week and is thus only able to offer a limited signposting service both to the credit union and to a community service advice line. She does not take on debt advice casework, and is only in a position to refer people in or leaving prison to outside debt advice agencies. Understandably, the loss of the full-time co-ordinator has placed a significant strain on the extent and quality of debt advice that can be offered in the prison and on the ability to speak face-to-face with prisoners about the value of a savings account. From time to time, credit union staff members visit the prison to run information sessions but this in no way matches the capacity of the money management project.

Impact on account holders

An evaluation report (LCCU 2011) carried out at the end of the money management project highlighted its impact on beneficiaries in the two prisons. Not only were 826 savings accounts opened, 1,352 money management cases were activated for 1,304 individuals and dealt with by the money management co-ordinator.

In the report, this impact was highlighted in a number of credit union savings account case studies, one of which concerned Mark. He had been in and out of prison for years and had never held a bank account. In his interview with the co-ordinator about opening an account, it emerged that he was being pursued by a debt recovery agency for a credit card...
debt of over £1,000. Mark was adamant that he did not owe the money and that he had never even possessed a credit card. The co-ordinator was eventually able to determine that this was a case of mistaken identity and the debt was written-off. Mark was able to leave prison debt-free with an account in which he could save and receive benefits and wages.

Prison staff members interviewed were unanimous in asserting the value of the money management project and of the credit union facility in the prison for people such as Mark. As one officer explained,

“Having access to an account is another piece of the jigsaw in offender resettlement. For guys trying to re-enter normal life, it is important to be able to save in a proper account and to participate in the banking system. We would not want to be without the credit union, having it here has been a ground breaking step in Leeds”.

But the importance of money management advice and support alongside access to an account was well illustrated by one of the people serving a sentence in HMP Leeds. In a research interview, Charles explained that he had never had a bank account. Before coming into prison, he had a Post Office Card Account but sometimes received benefits by giro cheque. He had managed in cash. But, explained, as he always had had a drug problem, managing in cash was always difficult. In prison, he saw a leaflet on the wing about the account and he decided that he wanted to save for a motorbike. He explained,

“I’d just have spent the money on stuff in the prison. But now I’d save it. I only used prison toiletries and never used the phone. I went without to save for the bike.”

In about two years, Charles had saved about £800 in his credit union account, money that he was able to take with him when he was released several months prior to the research interview. He said;

“It [saving] made me feel brilliant; it was a sense of achievement. It was probably the first time I had saved in my life and it made me feel good. I felt proud and normal”.

However, when Charles was released from prison, life became unstable again. He withdrew all his savings in large amounts over a very short period and, in his words, “blew it all”. His life became chaotic once again and, having broken the terms of his licence, he found himself back in HMP Leeds once again. Nevertheless, when interviewed, he felt he had learnt from the experience, was now more organised and would do better in the future. He is now saving again in the credit union for the bike and regularly keeping track of his money through the regular receipt of statements from the credit union.

Charles’ story highlights the need for not only money management education and support in the prison, but also through the prison gates. One support intervention post-release could be to initially have a pre-agreed low daily withdrawal limit on savings accounts. This would minimise the risk of large withdrawals which members later come to regret.

Take-up and future development

Both the prison and LCCU considered that the take-up of the savings accounts in HMP Leeds and HMP Wealstun has been satisfactory, but felt that still more could be done to promote and to expand access to the service. Just over 1,000 accounts have been opened since 2006, with at any one time, around 200 to 300 active accounts in the two prisons. This is out of a combined prison population of around 2,000.

Since the ending of the money management project, however, the
promotion and expansion of the service has been constrained by a lack of resources. Without a full-time co-ordinator talking about the accounts on the wings and offering money management and debt advice to potential beneficiaries, there has been an evident reduction in building awareness and an understanding of the benefits of the accounts among the prison population. The reduced lack of access to money management and debt advice has undermined the support often needed by people taking on accounts for the first time.

Currently, the costs of delivering the service are absorbed by the DWP's Job Centre Plus, through the work of the benefits advice manager, by the prison through the assistance given by two resettlement officers and by the credit union through sending staff from time to time to the prison to handle accounts and through undertaking account administration, and Shelter’s part-time advice worker as noted above. The project is therefore a net cost to all agencies involved. The credit union does not envisage that the service could become an economically sustainable initiative through the generation of income through service provision. It is undertaken solely as a contribution to the inclusion of a deeply financially excluded sector of the population and, consequently, to the reduction of the rates of re-offending. Undoubtedly, the fact that the service is a cost to the credit union does limit its expansion.

For the moment, there are no plans to develop the product offer in the prison. Both partners consider that the current focus on saving for release is appropriate and there are no real intentions to encourage the use of the account for transactions whilst in the prison. Some thought has been given to the possibility of receiving the discharge grant into the account, but as yet this has not been pursued.

In regard to support services, access to money management and debt advice remains problematic and limited, but there is now a new initiative to develop an in-house money management programme. This would clearly support the roll out of the savings accounts.

Overall the credit union savings account project is regarded very positively in the prison by prison staff, Jobcentre Plus, beneficiaries and also by the credit union. It is a positive and practical contribution to assisting people to build a culture of savings, to manage their finances and to return the community. The biggest challenge, stressed repeatedly by prison staff, is identifying the resources to expand the scheme and to upgrade the practical commitment to the finance, benefit and debt pathway within the prison estate.

**Using the account after release**

Savings account holders can use the account after release to receive benefits and wages. Payment into the account can take place in LCCU branch offices throughout the Leeds area or with the use of PayPoint that can be supplied to the member after release. Withdrawals can be made in person at the credit union office or through the use of the credit union prepaid debit card.

Once in the community, members who joined in prison are integrated into regular credit union membership, receiving all the benefits including access to loans. They are not ‘tracked’ as former prisoners, so no data exists on how people having left prison progress in their use of credit union services.

Those members that wish to do so can apply for a Credit Union Current Account, but it is reported anecdotally that not many take up this option. For many, the savings account and managing mostly in cash seems preferable. No high demand for
direct debits or standing orders has been detected among members who opened accounts in prison. If this option was linked to a bill payment (or jam jar account) it was felt that there may be greater take-up.

**LASA Credit Union and HMP Swansea**

LASA (Loans and Savings Abertawe) Credit Union Ltd is the credit union for the City and County of Swansea. Founded in 1992 in the Townhill district of the city, one of the most deprived localities in Wales, it has been serving the whole of Swansea since 2002. LASA Credit Union serves nearly 2,000 active adult members from diverse socio-economic backgrounds, but retains a strong social commitment to serving low-income and financially excluded communities. It aims to provide a pathway for people into financial security and stability, through the provision of appropriate financial products and services, and interventions to raise the financial literacy and capability of the membership.

Just 10 minutes’ walk from LASA Credit Union’s main office is HMP Swansea, a high-turnover category B male prison with an operational capacity for 428 people. 85% of the men detained there are from the Swansea area. It was this connectedness with the local Swansea community that alerted credit union board members and staff to the financial needs of people in prison and of their families.

Through local contacts with the Families and Friends of Prisoners (FFOPS) organisation, LASA was aware that some of its members were visiting family relations in prison. It was decided that, as part of its mission to serve financially excluded individuals, it was important to explore how best the credit union could serve people in prison as well as their family members in the community. The decision was taken to offer savings accounts to people in the prison. Not only would this engage people in the prison in a community financial institution, in which they could retain membership once through the prison gate, but it would also enable them to save for release or for their families. LASA does not offer the Credit Union Current Account, but, if a member wishes, the savings account can also be used for the receipt of welfare benefits after release. LASA considered that reaching out to people in prison would also encourage the families and friends of prisoners to join the credit union.

**Establishing a partnership**

In some partnerships between prisons and credit unions, as in the Leeds case study, it has been the prison that has taken the lead in establishing the partnership. Prison officers, often in resettlement teams, have seen the need for access to a bank account for people leaving prison and approached the credit union to help. However, in this case, it was the credit union that first saw the need to offer savings accounts in the prison and it was the credit union that provided the drive to make the partnership happen. However, establishing a partnership with the prison proved challenging.

It took over 12 months for the credit union to interest and engage the prison in meaningful discussions about the provision of credit union services in the prison. Initial overtures continually came to nothing and LASA found it very difficult to stimulate a response from the prison despite extensive efforts. Eventually a meeting was brokered with prison resettlement staff with the support and intervention of NOMS, a local authority council member and a member of the Welsh Assembly.

In this meeting, attended by a representative of NOMS, the credit union
was able to put forward how access to a community financial institution, and the opportunity to save in an account that could also be used after release, could support the process of prisoner resettlement in the community. It was the focus on the benefits to the prison in achieving its resettlement objectives in a cost effective way that made the difference.

Prison staff admitted that they had a poor understanding of credit unions and that they were slow to realise the potential benefits of credit union membership to people in prison. Once the link with the resettlement agenda was clearly made and understood, there was a breakthrough in prison thinking about the credit union. Crucial to facilitating this change in thinking was the engagement of the Jobcentre Plus advisors who recognised how access to credit union services in the prison could support the implementation of the Government’s Work Programme.

Appointing a credit union link officer

It was after this meeting that the prison assigned a resettlement officer, who was already working on the FBD pathway, to be the link person for the credit union in the prison and to work on developing the partnership. It was with this appointment of a link officer that progress began to be made quickly and easily, and it proved to be the most significant and effective move in developing the service.

It was essential to the development of the partnership for the credit union to build its relationship with the prison, in a way that inspired confidence amongst prison staff in its good governance, effective management and organisational capacity. Prison staff were invited to the credit union premises where they were introduced to the credit union management systems and the legislative and regulatory framework under which it operates. Specific training in credit union operations and procedures, particularly in regard to the processing of membership applications, was undertaken by the prison credit union link officer or ‘champion’.

Development of policies and procedures

Once the relationship was initiated, the next challenge that LASA and the prison faced was the development of a set of protocols, policies and procedures that would determine the operation of the credit union project in the prison. It was agreed that a written service level agreement would not be required by either the prison or the credit union, as it was felt that there was a sufficient level of trust between the two organisations to ensure a common commitment to the project. In fact, in the end, the drawing up a service level agreement received little attention as the priority was to inaugurate the project without further delay.

However, certain basic protocols were agreed from the outset. It was agreed that LASA staff would not visit individuals in the prison and all contact with the members and potential members would be made through the link officer. It was also agreed that no information on the conviction background or history would be supplied by the prison to the credit union. New applicants would be able to open accounts irrespective of their criminal background, subject to the same anti-money laundering processes as other applicants.

It was agreed that the link officer in the prison would handle all credit union promotion in the prison, applications for membership, the management of savings deposits and balance requests.

The development of the application process drew on the experience of HMP Leeds and Leeds Credit Union Ltd and an application form was developed similar to the one in use in Leeds. It is a simplified
form which includes the basic details of the applicant, the release address (if this is known), the release date, details of next of kin and a prison photograph certified by a prison officer as a true likeness of the applicant. The photograph is the one that is captured at reception and held digitally on the National Offender Management Information System (NOMIS). The certified photograph, as verified by the link officer and attached to the application form, is accepted as verification of the identity of each applicant. The link officer delivers completed application forms to the credit union personally.

**Saving and the ‘prisoner compact’**

In addition to the application form, potential applicants must agree to, and sign a ‘prisoner compact’ form. This details the conditions of access to, and use of a credit union savings account in the prison. It was drawn up jointly by the credit union and the prison and outlines the basic operation of the savings account.

The ‘compact’ requires potential credit union members to agree to a savings plan and not to request withdrawals prior to release. This is central to the operation of the scheme, which is designed primarily to promote a culture of saving for release in the prison. Members therefore can only save an amount of funds that they do not need in the short term.

Even though members commit to a savings plan, the amount saved each week can be varied, and missing a weekly deposit does not invalidate membership of the credit union. The minimum set amount that can be deposited in the credit union is 20 pence and all amounts must be rounded up or down to the nearest 5 pence. However, at the time of the research interview, the first 21 savers in HMP Swansea greatly exceeded this amount, and the average saving deposit among this early group was between £5 and £10 per week.

Deposits into the credit union account are made at a weekly collection session on the wings. The compact states that it is the responsibility of the members to complete a cash disbursement form, to check that there are sufficient funds in the prison spends account to facilitate the transfer and to hand this to the link officer or the officer nominated to take the weekly collection.

LASA provides a ‘savings book’ for each member, as they used to do for all members in the community prior to the introduction of electronic systems. At first, the credit union intended that the books would be held by members in prison. However, the prison considered that this could be a bullying and security risk, so all books are updated and held by the link officer.

Of course, from the outset, it was necessary to secure the support of the prison finance department to send payments from prisoner pay (spends) to the credit union. However, this did not present a problem once senior management in the prison had agreed to the credit union project. Each week, the link officer both updates the members’ savings books and instructs the prison finance department to make the transfer. A single consolidated cheque is posted to credit union along with a ‘finance audit log’ which breaks down the total savings amount into the individual deposits. The credit union then processes these deposits as it would do for any other member. It is worth noting that LASA would prefer a BACS transfer rather than a cheque but, for administrative reasons, the prison has so far been unable to agree to this modification.

In the case of a member who is transferred to another prison, the compact
states that it is the member’s responsibility to inform the link officer of the transfer, who then informs the credit union. In this event, the member can choose to leave his savings in the credit union until release, or close his account and have the funds transferred back to HMP Swansea and into the member’s the prison spends account. In this latter case, the funds follow the ex-member to the new prison. A member who leaves his savings in the credit union can reactivate his account if and when he is transferred back to HMP Swansea.

In regard to release, the link officer informs the credit union of all members approaching release. If a member is being released to another area, LASA will facilitate a transfer of membership to another credit union on an ad-hoc basis if this is possible and requested by the member. Otherwise, people continue their membership as any other member of the credit union.

On release, members receive their savings book, even though it is no longer updated as the credit union has moved onto a computerised system. Each member now receives a PayPoint card to make deposits in retail outlets displaying with the PayPoint facility; withdrawals can be made through the credit union office or soon with the use of a pre-paid debit card. Members after release are also able to access the full range of credit union products and services, in exactly the same way as any other member. These include access to affordable credit (loans), that are not available to people whilst in prison, and access to money or debt advice services operated in partnership with debt advice agencies.

It was important for LASA that both the prison, and prospective members, were aware that it is vigilant on financial crime. LASA stressed the importance of communicating its strict approach to reporting financial crime (i.e. money laundering) to all new members, including those released from prison.

**Resources and sustainability**

Even though the credit union project in HMP Swansea is a relatively modest undertaking, it is still has resource requirements for both the credit union and the prison. However, as credit union and prison participants stressed in interview, the development of the partnership was fuelled by the personal commitment and passion of staff on both sides. It is regarded by the credit union as an important contribution to the community and by the prison as a significant tool to support resettlement. The focus on saving is seen to build the confidence of members in their ability to reintegrate into society within a community financial institution that is equally open to their family and friends.

For the prison, the project is heavily reliant on the resettlement department allocating staff time to its delivery. At the time of this study, when the number of accounts opened was relatively small, this did not pose a problem. At the time of the interview, the link officer estimated that, now all processes are in place, it takes him around three to four hours per week to deliver the project. However, the situation would change if budget cuts forced the removal of the post of resettlement officer or the number of accounts rose significantly. In either case, the prison noted that it would consider moving responsibility for the project to the prison officers working on the individual wings.

It is important to note that with the FBD pathway, the delivery of credit union services within the prison needs to sit within the wider context of access to financial education and financial capability.
training, and to money and debt advice. At the moment, the link officer, having received training from the Money Advice Service, also delivers financial capability sessions. Any expansion of access to credit union accounts, would also impact on the resources required to increase access to the financial capability sessions.

For the credit union, the project is recognised as being a cost and a demand on limited resources. Again, while the project only involves in relatively modest number of accounts, this is manageable. However, it is also recognised that to expand access to credit union services significantly in the prison, and serve hundreds rather than tens of accounts, external financial support would be required, with commissioning by the prison being the most sustainable option.

**Take-up and future developments**

At the time of the study, around 40 people in the prison had become credit union members, with total savings reaching £1,000. Many of these members have now been released, and, at the time writing this report, there remain about 10 people saving regularly in the prison. Even though these are modest numbers, indications were that interest would grow. Information about the credit union is available on posters on the wings and LASA organised a logo competition in the prison to stimulate interest. Reports from the link officer on potential take-up have continually been positive. Ten to fifteen released members have come into the credit union to continue their membership; a development which LASA considers demonstrates the future potential of the project.

The issue of scare resources, however, is a significant one. With only one prison officer marketing and managing the project, and with few credit union staff to put time into its development, progress is positive but slow. One report from the prison indicated that the majority of people in the prison wanted to join the credit union. However, it appears that greater resources would be required to make this happen in the short to medium term.

One area that LASA and HMP Swansea want to expand is engagement of the credit union with the partners and families. LASA is currently developing greater links with FFOPS, for example, and, with the support of the prison, is planning to run themed family days where people in prison can spend additional time with their family members at an event focussing on money management and the benefits of credit union membership.

The success of the LASA and HMP Swansea partnership has stimulated interest in similar projects across Wales, and LASA has aims to foster stronger links between other credit unions and prisons in the region. Subsequent to a recent meeting with the heads of NOMS in the region, LASA was able to report that its project protocols and procedures were being considered for use in all prison establishments in Wales. One result has been a resettlement officer is now being trained to deliver credit union services in HMP Cardiff in collaboration with Cardiff Credit Union Ltd.
**White Rose Credit Union and HMP Wakefield**

White Rose Credit Union (WRCU) first became involved in providing credit union saving accounts for people in prison in 2010. Having heard of the work of Leeds City Credit Union in prisons, the Jobcentre benefits advice worker at HMP New Hall, a closed local female prison, approached WRCU to ask if the credit union could offer savings accounts. As in Leeds, the benefit advice worker was seeking the provision of an account so that people could save and receive benefits payments or wages on release.

Like Leeds City Credit Union, WRCU offers the Credit Union Current Account. However, the New Hall request was for a savings account, judged to be the most appropriate account for use within the prison. It offered people what needed without the complication of fees or additional features that could not be used in the prison. After release, all savings account holders could always apply for a current account if they wished.

It was a year later in 2011 that HMP Wakefield’s money management officer, a prison officer serving within the Offender Management Unit, approached the WRCU manager at a West Yorkshire Financial Inclusion Forum to make the same request as HMP New Hall. Following many requests from people in prison for assistance in opening a bank account, he had repeatedly failed to interest any high street bank in serving people in prison. The refusal of banks to open accounts is often on the grounds of difficulties with personal identification or address history, or in the case of The Co-operative Bank, because it was already serving a large number of prisons. HMP Wakefield is a category A prison and many people serve long-term sentences. Identification documentation and address history apart from that which can be supplied by the prison, can be particularly problematic.

At the time, an internal survey in HMP Wakefield had indicated that, of the 750 people in the prison, 75% would need to open a bank account before release. So the positive response from WRCU to offer both savings and current accounts was regarded by the prison as a real step forward in assisting people to resettled back within mainstream society.

**Establishing the partnership**

Establishing the partnership depended on the commitment of both parties to make it happen and function effectively. According to the prison’s FBD Champion, this meant getting everyone on board and assuring senior management support. It was the backing of the Governor that made implementation possible.

For WRCU and the prison the development of effective systems and procedures was critical to success. First it was important to establish communication channels between the prison and the credit union. It was agreed that the money management officer, now with the title of FBD Champion (FBDC), would be the sole contact in the prison and would relate directly to a named credit union officer who would be responsible for WRCU accounts. Building this direct relationship was seen as essential.

It was also accepted that the FBDC would not promote or offer other bank accounts in the prison. Of course, each person in prison has the choice to approach banks by themselves, by letter or phone, but the only accounts offered with the administrative support of the prison would be WRCU accounts.

Secondly, HMP Wakefield is a category A prison and this meant that systems had to be put in place so the security department could vet people before they applied for an...
account. This vetting did not relate to credit checking, but rather to ensuring that any applicant did not have a previous conviction for fraud or money laundering, or would not prove to be a future danger to the public. This requirement was standard prison protocol and, in fact, no applicant for an account has yet been barred from application by security.

In addition, a major challenge for partners was to ensure that procedures for the verification of ID were agreed and in place. This involved the creation of a new ID form which would be completed by the prison, giving details of the applicant’s name and release address (if known) and to which a photograph would be attached. This form is stamped and signed by a senior prison officer verifying that the applicant is the person they say they are on the form.

Thirdly, given that deposits would be made into accounts whilst people were in prison, it was important to ensure that the financial department was in agreement with procedures to make monthly transfers of accumulated member deposits to the credit union. It was agreed that the minimum monthly deposit into an account would be £5 (out of a possible weekly income in the prison of £14.47) to justify the administration of the accounts. The setting up of the financial arrangements did not prove difficult given the high-level support for the project in the prison. There were some initial concerns about money coming out of the prison and how it would be used. But these were soon allayed when it was realised that withdrawals would be strictly monitored.

Opening and using accounts

In order to limit demand to within the prison’s administrative resources, people become eligible to open a savings account within two years of release, and the Credit Union Current Account within two weeks of release. Wakefield releases a small number of people directly, approximately 40 per year. The focus of the prison in enabling access to accounts is first to promote a culture of saving and to encourage people to save for release. This was one of the reasons that the monthly minimum deposit was set at £5, as it would over a period of 2 years amount to at least £120 which is a useful sum to assist in the resettlement process. Of course many people save more than the minimum.

The second focus is to assist people in prison to have an account that they can use to receive welfare benefits or wages after release. Wages or benefits can be received into a savings account, but, with its increased functionality, the use of a current account for such transactions is preferable. WRCU make a small weekly charge for the current account, to which no applicant has yet ever objected. However, paying a weekly charge in prison is inappropriate. There is no charge for the savings account.

All applications in the prison go to the FBDC. If the applicant is category A, he completes the vetting form for the security department (those classified as category B do not require such a form) and awaits clearance. Once cleared, or in the case of those classified as category B without clearance, the FBDC meets with the applicant and assists him to complete a standard application form. He also completes and signs the ID verification form for which he needs to obtain a photograph of the applicant. He also assists the application to complete a letter of authority to the finance department to make payments directly into the credit union account. Money is deducted weekly from the member’s prison spends account and paid monthly to the credit union.
The FBDC then posts the application and ID verification form to the named contact at the credit union, which in category B cases includes the photograph. The photographs of those classified as category A are retained in the prison safe and sent to the credit union only on release. In the credit union, the account manager handling the prison account checks the documentation and, if there are any queries or concerns, will take these up with the FBDC.

Once the savings account is opened all account information is sent to the new member via the FBDC. An electronic deposit card is also sent but this, together with its pin number, is put into store property until release. From this point on, in the prison, the account is the responsibility of the new member and any enquiries about the account can be made directly to the credit union normally by post. If the member wants to increase his deposit into the account, he will need to complete a new letter of authority to the finance department to adjust the deduction from prison spends.

The savings account is, as already noted, designed to support saving for release. Other transactions are restricted and not encouraged. Deposits into the savings accounts, from third parties, although possible, are not encouraged. Money can technically be sent into the prison from families, for example, by postal order and deposited into the savings account, but this is also not encouraged. Such deposits would have to be via the person’s prison account and then transferred to the credit union account.

Withdrawals are also not encouraged. Withdrawals from the savings account whilst in prison would be a complicated affair and involve the transfer of funds back to the prison spends account. This is technically possible but no such transfers to facilitate withdrawals have taken place since the inception of the partnership project. Withdrawals are not encouraged, not even to send money to family members for gifts or other purposes, precisely because the aim of the provision of the savings account is to ensure the member has savings he can rely on when he released. There have yet been no withdrawals from savings accounts before release.

**Opening and using a Credit Union Current Account**

All holders of the credit union savings account are offered the opportunity to open a Credit Union Current Account within two weeks of release. To date all savings account holders leaving prison have requested a current account in order to have benefits paid into the account or for other standard account purposes. WRCU makes a small charge for the current account which has posed no problems for people opening the account in addition to their savings account. The ease of opening the account has perhaps been the main driver being people opening a Credit Union Current Account, rather than approaching a bank to open a basic bank account. The latter is free but in fact unavailable to many people leaving prison.

The opening of a Credit Union Current Account additional to the savings account has been problem free. There are no additional documentation checks apart from the application form administered in the same way as the savings account through the FBDC. No savings account holder has ever been refused a current account. For everyone it is just regarded as a credit union member availing himself of an additional service of his credit union.

Once the current account has been opened in the credit union, all paperwork is sent back to the person in prison via the
FBDC. However the current account debit or ATM cash card (whichever has been allocated to the account) and the pin number is kept in store property until release.

Unlike the savings account, the Credit Union Current Account is not activated for use inside the prison. Technically it could be used; though the focus in the prison is firmly on the savings account. However, there have been one or two exceptions. One woman from HMP New Hall was moved to an open prison near York where she is able to work outside the prison. Her wages are paid directly into the current account, which she is able to access and use whilst in the prison.

Financial education and money advice

There are no specific financial education or money advice sessions or interventions linked to accessing the savings or current account. However it is the role of the FBDC to ensure that each applicant does understand the implications and responsibilities of managing an account, particularly a current account.

However, there are financial education and money management sessions run separately in the prison as part of the pre-release preparation programme. These include financial education sessions run by A4e and those that come within the Barclays Money Guide programme. These sessions are funded externally and do not come out of the prison’s core budget, which is one of the key reasons they are able to happen.

Currently there is no access to debt advice in the prison.

Take-up and future development

At first sight the take up of savings and current accounts at HMP Wakefield appears modest. Since 2011 there have been about 40 accounts opened, with 30 accounts now currently active in the prison. However, it is still early days, and according to the FBDC, demand is increasing with another 12 applications in the pipeline, and another 60 people thinking about opening an account. He estimates that growth could reach 60 to 100 accounts in the short term, around 10% of the prison population. Given that only 60 people leave each year, the proportion in relation to those eligible to open an account is much higher. At the time of the study, 12 people had gone on to actively use a Credit Union Current Account, a number the credit union considered to mark considerable success and promise for the future.

Both the prison and WRCU consider that further actions could be undertaken to expand and support access to accounts. At the moment, accounts are advertised through FBDC direct contact with people in prison, through posters on the wings, in-cell TV, and on the screen in visitors’ centre, and through word of mouth throughout the prison. Potentially much more could be done to educate people in the benefits and the use of the current account and in particular, to open up access to the savings account throughout the prison. Functionality of the savings account could also in principle be expanded to include, for example, the greater possibility of using the account to receive from or send money to third parties. However, no demand to increase functionality has yet been detected and both the prison and the credit union are keen to keep the focus of the account on saving for release.
The greatest barrier to developing access to accounts is lack of resources. In the prison, account promotion and administration is handled just by one person, the FBDC, for whom this is a secondary responsibility with his wider involvement in the finance, benefit and debt pathway. For the credit union, the development of access to accounts is also a resource issue. The partnership with HMP Wakefield and HMP New Hall is a net cost to the credit union, and it is difficult for the credit union manager to justify spending additional funds on its development.

The DWP estimates that under normal conditions it costs about £25 in administration to open a new credit union account. Added to this is the time spent by staff visiting the prison, managing enquiries and the administration of accounts. Even with a weekly minimum deposit of £5, savings generation from prison accounts is low, added to which is the reality that the majority of people leaving HMP Wakefield move to another area of the country and close their savings account with the credit union. Only those that remain in the area are likely to continue saving and using the current account. Lack of resources also results in the credit union being unable to support members settling in other parts of the country by promoting and organising the transfer of account to credit unions in those areas.

Lack of credit union resources also impacts on the support that the credit union can give to people when they leave prison. When people leave prison they are integrated into the standard membership of the credit union and offered the same support as any other member. On the one hand, this is one of the benefits of the programme as it is designed to support the resettlement of people in the community without stigmatisation. However, on the other hand, there is an argument that greater local links between the credit union and support agencies, including probation, could act in the interests of people re-integrating into society particularly after many years in prison. Lack of resources also results in the credit union not being able to track the progress of members who joined through HMP Wakefield and HMP New Hall.

The benefits of the partnership for the prison, the credit union and for those that access accounts are strongly recognised by all parties concerned. For HMP Wakefield, the partnership enables all people in the last two years of release and leaving prison to access a savings and current account. As yet no person who wanted an account has been refused. The partnership fits well within the resettlement and reducing re-offending strategies of the prison and has been commended by HM Inspectorate of Prisons. For the credit union it is a positive contribution to tackling financial inclusion and, as the credit union manager noted, part of the credit union’s “civic duty”. For beneficiaries of accounts, reports through the FBDC indicate that all those who have opened accounts regard them positively and recognise that the credit union has given them access to the financial service system which otherwise would have been denied to them.

Even though at the outset certain terms of engagement were written down, the partnership between HMP Wakefield and WRCU is an informal agreement with no binding contractual arrangements. It works on the trust generated between the two organisations and on the quality of the relationships engendered through partnership activity. In order to ensure the long-term stability of the partnership, there are good arguments to be made to embed the partnership within the formal structure of the prison and to fund its activity accordingly.
South Yorkshire Credit Union and HMP Lindholme

From its head office in Barnsley, South Yorkshire Credit Union (SYCU) serves all who live or work in the Barnsley and Doncaster areas. In December 2011, SYCU entered into a partnership agreement with HMP Lindholme to enable people serving sentences to open a savings account in the prison and to save in preparation for release. HMP Lindholme, just 10 miles north of Doncaster, is a split site category C and D prison and has capacity for around 1,100 men.

SYCU’s first considered responding to the financial needs of people in prison when, earlier in 2011, it was approached by a prison officer from HMP Doncaster, a Category B local prison with capacity for 1,145 men, at a local financial inclusion meeting. The prison officer was concerned that many men leaving prison found it difficult to open a bank account. If the credit union could offer a savings account, which could also be used to receive welfare benefits or wages on release, this would be a significant step forward in assisting the financial inclusion and stability of prisoners in and leaving prison. By providing access to a regular savings account whilst in prison, men would be encouraged to save and be motivated to plan positively for release and resettlement in the community.

**A strong mission to serve the financially excluded**

According to its manager, SYCU was keen to respond positively to this request given the strong mission of the credit union to serve those excluded from mainstream financial services. However, the prison wanted to ensure that as many prisoners as possible could open accounts. The understanding of the common bond requirement at the time was that only those people who came from Barnsley or Doncaster, or were being released to an address in that area, could join the credit union. Clearly not everyone in the prison would have come from or would be going to live in the SYCU common bond area. However, in this local prison, most would come from the wider south Yorkshire area.

It was agreed, therefore, that SYCU would work collaboratively with Sheffield Credit Union and LASER Credit Union and that they would combine operations for the purposes of this project and work together as one in order to offer accounts to anyone in the prison who came from or was going to be released to Rotherham and Sheffield as well as to Barnsley or Doncaster. Of course, this still meant that there were prisoners from further afield who would not be able to be served with savings accounts.

A significant amount of preparation was put into the development of the partnership between HMP Doncaster and the three local credit unions. Procedures and protocols were agreed in which the prison would administer the completion of application forms, and send these to the credit union with an ID statement countersigned by a prison officer. Unfortunately, organisational changes and difficulties at the prison, resulted in this partnership arrangement not fully coming to fruition, and only a small number of accounts were opened.

**HMP Lindholme**

However, in November 2011, the credit union was approached by HMP Lindholme to set up a similar arrangement there as had been agreed with HMP Doncaster. Again, SYCU responded positively but with one major change to the protocol. In visits to HMP Doncaster, credit union staff had met prisoners from outside the south Yorkshire area who has expressed an interest in joining the credit union, but who were unable to do so. In the agreement with HMP Lindholme, it was agreed that the credit union would accept the current address of each prisoner as being the prison itself and
thus all people in the prison would be eligible for membership irrespective of where they came from or were going to after release. Whilst in the prison, they could join the credit union and save in their account. What would happen after release could be decided on a case by case basis, with the credit union offering to facilitate a transfer to another credit union local to their release address if they so wished.

The acceptance of the prison address as the address of the person in prison was a significant step forward. Now SYCU could offer savings accounts to all people in the prison and prison officers were no longer in the invidious position of turning down applications on the basis of future or past addresses alone. Unlike banks, SYCU does not have to undertake address history checks of people over previous years and nobody would be excluded because they were homeless or no fixed abode in the past.

Processes and procedures
At HMP Doncaster, credit union staff did on occasion go into the prison to meet with prospective members. However, the agreement with HMP Lindholme was that the prison would handle all account application documentation including the completion of an ID statement counter-signed by a prison officer. ID did not present a particular problem as the credit union was happy to accept the statement of the prison officer verifying that he or she believes the applicant to be who he or she says he is. It was also agreed a photograph of the applicant would be attached to the ID statement as this would facilitate identification when the person was released and visited the credit union branch. All documentation is then sent to a nominated prison accounts contact in the credit union.

The credit union processes the application and returns the introductory letter and account details, including the account number, to the prison staff who passes the documentation on to the member. Members can obtain electronic deposit cards and pre-paid debit card to accompany this account. However, as these cannot be used in prison, no such cards are sent, but can be obtained after release. The credit union also does not send the account passbook into the prison. This is retained in the credit union until release.

A focus on saving
The use of the account in prison is predominantly designed to assist people in prison to save for release. By completing a request form, members arrange for a payment to be sent from prison finance to the credit union account. There is a minimum weekly savings amount of £2 which is then paid to the credit union by the prison by cheque monthly. The member can check balances either by post or by phone whilst in the prison. A statement is also sent on request

Interestingly, there are also a number of examples of people who were first SYCU members, and then later imprisoned. These members can continue to save, but if they have a loan outstanding this is frozen until release. The credit union would rather encourage an imprisoned member to save and then hopefully resume repaying any loan after release.

Withdrawals from the account are normally not allowed from the account whilst the member is still in prison. In fact, this has never been a problem as no request for a withdrawal back into prison spends as yet been received. The focus is on saving and the credit union would want to actively dissuade savers from withdrawing funds before release. In principle, the credit union would allow a withdrawal in order to send money to a prisoner’s family (e.g. for Christmas presents for children) but again no request to make this kind of withdrawal has yet been made either. If such a request
were made it would have to be with the cooperation and permission of the prison.

SYCU does not offer a current account, but its savings account can be used to accept wages or welfare benefits on release; and access to funds can be facilitated through the use of a pre-paid debit card. This card can be used in an ATM or for cash-back in shops. Of course members can also withdraw from one of the six full service branches and several collection points throughout the Barnsley and Doncaster area.

Retaining credit union membership after release

Many of the people who open a savings account in prison do not stay in the common bond area after release. It is estimated that more than half of those released move to other areas. A person moving away can retain SYCU membership and, if they wish, manage their account from a distance. Yet there are practical difficulties in this and a better solution can be to transfer to another credit union.

SYCU has endeavoured to facilitate account transfers to other credit unions when the member prefers this course of action. The credit union has tried to make this move seamless by forwarding all SYCU account documentation to the new credit union. However, this attempt at inter-credit union collaboration has not always worked out well in practice. There are some credit unions who participate well in the process, but others are more hesitant sometimes because they want to repeat the application process or they do not offer quite the same products and services as SYCU. Some credit unions, for example, want to offer a transferring member a current account for the receipt of benefits or wages in addition to a savings account. According to SYCU, this does not always suit the needs of all members.

Future stability given scare resources

Overall, according to both the credit union and the prison, the partnership arrangement has worked well and, to date since December 2011, 205 savings accounts have been opened. The future stability of the partnership remains, however, a constant challenge given the scarce resources with which it operates.

For the prison, it is an additional intervention which is not a statutory commitment and which can come under strain in the face of other priorities. The arrangement with HMP Doncaster, for example, failed to reach its potential because resources had to be diverted to other more pressing issues in the prison at the time. For the credit union, the engagement with the prison is a cost which they must attempt to cover by other income-generating activities.

A significant and worthwhile partnership

But for both prison and credit union, the partnership is significant and worthwhile as it enables people in prison to engage with and plan for their future in a way that contributes to their resettlement in the community. As the manager of SYCU noted, “We think it is the right thing to do, it helps people and we are very happy to work with prisons”.

There are currently moves to extend access to savings accounts to HMP Moorland near Doncaster, and a partnership with the prison has been established. Also from July 2012, through an arrangement with the probation service, SYCU savings accounts are now offered to people on community service. This new intervention is linked to personal finance education on a back to work programme offered by The Northern College in collaboration with the probation service. A credit union staff member has been trained by Northern College to deliver the financial education programme.
5 Credit unions and prisons

The focus of this research has been the engagement of credit unions with the criminal justice system. However, it has mostly concerned partnerships between credit unions and prisons, where the greatest developments have taken place.

Mapping partnerships in England and Wales

Of the 57 credit union respondents replying to the online survey, 13 respondents (23 per cent) were from 11 credit unions currently working with prisons and offering financial services to people in or leaving prison, 11 respondents (19 per cent) from 10 credit unions were discussing or thinking about working with prisons, and 5 respondents (9 per cent) from 5 credit unions had dealt with prisons, mostly in an ad hoc or informal manner, in the past. 28 respondents (49 per cent) had never dealt with prisons or the criminal justice system.

Further enquiries identified an additional two credit unions that had a current relationship with a prison through which financial services were offered to people in or leaving prison. As far as can be ascertained, therefore, there are currently 13 credit unions that have a formal or semi-formal arrangement with a prison through which people in or leaving prison can access credit union services (see Table 2)\textsuperscript{6}. Around half of the credit unions with an active prison partnership were working with a single establishment. Partnerships are particularly strong in the Yorkshire and Humber area, which appears to be a hub of interconnectivity between prisons and credit unions. There was some evidence to suggest that this cluster effect was, in part, the result of credit unions local to one another initiating inter-credit union contact in order to serve people coming out of prison, but who do not reside in area of operation of the credit union they joined whilst in the prison.

In addition, the survey and research enquiries identified another 9 credit unions that had a relationship with the criminal justice system, although not a direct partnership with a prison (see Table 1). These credit unions were engaged in offering services to the families of prisoners or to people after they had left prison or who were in contact with the probation service. A number of credit unions identified themselves as working to support people with convictions in partnership with housing providers.

The study found 22 credit unions, therefore, that had some engagement with the criminal justice system, approximately 9 per cent of the 250 live or work common bond credit unions currently operating in England and Wales at the time of the study. This is a small percentage, which reduces to 5 per cent if only those credit unions with a partnership with prison are counted. However, engagement of credit unions in the criminal justice system is a recent phenomenon. It is significant that the survey revealed a further 10 credit unions discussing or thinking about establishing a relationship with prisons. Of the 28 respondents from the credit unions that had never had a link with the criminal justice system, 21 (75 per cent) said that they would be interested in development a partnership relationship in the future if they had more information about the financial needs of people in the criminal justice system and an interested criminal justice partner to take things forward.

\textsuperscript{6} In October 2012, North Yorkshire Credit Union was placed into liquidation and closed for business. This reduces the number of credit unions with partnership arrangements with prisons to 12.
Table 1 – Credit unions engaged with criminal justice agencies in England and Wales

<table>
<thead>
<tr>
<th>Number</th>
<th>Type</th>
<th>Credit Union (Partners)</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>Direct partnership with a prison offering financial services to people in or leaving prison</td>
<td>See Table 2</td>
</tr>
<tr>
<td>1</td>
<td>Credit union collection point in a visitors centre - services to families only.</td>
<td>Prince Bishops Credit Union (Durham) at visitors centres at HMP Frankland / NEPACS and HMP Low Newton / NEPACS/</td>
</tr>
<tr>
<td>1</td>
<td>VCS partnership to support prison leavers</td>
<td>Salford CU (Salford Prison Project)</td>
</tr>
<tr>
<td>2</td>
<td>Direct partnership with probation</td>
<td>Erewash CU (‘Back on Track’ at Ilkeston Probation., Citysave CU (West Midlands Probation)</td>
</tr>
<tr>
<td>1</td>
<td>Accepting ad-hoc referrals from probation</td>
<td>Rainbow Savers Anglia CU</td>
</tr>
<tr>
<td>4</td>
<td>Working with a housing provider to support former offenders</td>
<td>Manchester CU, Unify CU, Welcome CU (Adactus Housing Group), and Sheffield CU (Sheffield Homes)</td>
</tr>
</tbody>
</table>

Table 2 – Credit unions working with prisons in England and Wales

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Partnership 1</th>
<th>Partnership 2</th>
<th>Partnership 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Leeds City CU Ltd</td>
<td>HMP Leeds</td>
<td>HMP Wealstun</td>
<td></td>
</tr>
<tr>
<td>2. North Yorkshire CU Ltd (closed October 2012)</td>
<td>HMP Hull</td>
<td>HMP Northallerton</td>
<td>HMP Askam Grange (pending)</td>
</tr>
<tr>
<td>3. LASER CU Ltd</td>
<td>HMP Doncaster</td>
<td>South Yorkshire CU Ltd.</td>
<td>Sheffield CU Ltd</td>
</tr>
<tr>
<td>4. Sheffield CU Ltd</td>
<td>HMP Doncaster</td>
<td>South Yorkshire CU Ltd</td>
<td>Sheffield Homes</td>
</tr>
<tr>
<td>5. White Rose CU Ltd</td>
<td>HMP &amp; YOI New Hall</td>
<td>HMP Wakefield</td>
<td></td>
</tr>
<tr>
<td>6. Sefton CU Ltd</td>
<td>HMP Kennett</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Bristol CU Ltd</td>
<td>HMP Bristol (Horfield)</td>
<td>HMP Leyhill</td>
<td></td>
</tr>
<tr>
<td>8. LASA CU Ltd</td>
<td>HMP Swansea</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Hull and East Yorkshire CU Ltd</td>
<td>HMP Hull</td>
<td>HMP Everthorpe*</td>
<td>HMP Wolds*</td>
</tr>
<tr>
<td>10. North Lincolnshire CU</td>
<td>HMP Hull</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. South Yorkshire CU</td>
<td>HMP Lindholme</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Clockwise CU Ltd</td>
<td>HMP Leicester</td>
<td>HMP Stocken</td>
<td></td>
</tr>
<tr>
<td>13. Fusion CU Ltd</td>
<td>HMP Swinfen Hall</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Data from a survey of prison and bank relationships carried out by Unlock in 2010
The purpose of partnership working

Credit union and prison officer participants in the study, in the online survey and in interviews, considered that the primary purpose of partnership working was to enable people in or leaving prison to access financial services appropriate to their needs and in a way that would assist them to resettle in the community and to desist from crime in the future.

For credit union participants, engagement with prisons arose out of a commitment to serve people who were often socially-excluded from society and who were marginalised from the mainstream financial system. They recognised the wide-reaching importance of this commitment and its intrinsic relation to the process of resettlement.

54 per cent (n7) of survey respondents from credit unions with existing links with prisons (n13) considered that the most significant benefit of partnership working was that it reduced the risk of re-offending. If survey respondents who identified the reduction of reoffending as the second most important benefit are also included, the overall percentage rises to 62 per cent (n8). 18 per cent (n2) identified the most important benefit as the improvement of rehabilitation and resettlement services. This rose to 63 per cent (n7) if those who noted this to be the second most important benefit are added.

Among this group, the third most important benefit of partnership working was that it offered the possibility of developing a savings culture among people on sentences. 33 per cent (n4) of credit union respondents with links with prisons identified the promotion of savings as the first or as the second most important benefit of partnership working.

Some of the managers currently working with prisons explained the purpose of partnership working in these terms:

“[The benefit is] increased financial inclusion and therefore social inclusion leading to a less likelihood of people reoffending”.

“[It is] the [pursuit of the] financial inclusion agenda by making prisoners and their families aware of the services that a credit union can provide”.

Participants from credit unions that had not worked with prisons, but who were interested in developing a link, seemed more inclined to prioritise other potential benefits of partnership working. Of the 21 responses in this group, 45 per cent (n9) prioritised and 20 per cent (n4) noted as the second priority, the benefit of access to affordable credit for people with convictions and their families. 20 per cent (n4) noted as a priority and another 20 per cent (n4) as a second priority, the benefit of increasing the ability of people to better manage their finances. Only three respondents (15 per cent) prioritised and one (5 per cent) noted as a second priority, that partnership working reduced reoffending. However, two people (11%) noted as a first priority and 3 (15 per cent) as a second that partnership working contributed to resettlement.

Managers from this group of credit union participants, who had not worked with prisons but were open to developing a link, explained the benefits of doing so in these terms:

“A direct referral to a credit union will provide a positive first step for an ex-offender trying to manage his finances”.

“The mission of credit unions is to reach out to those whom the mainstream financial institutions chose to ignore and/or actively discourage from availing of their services.”
“[In speaking of] the value of promoting savings, many people leave prison without any savings or means to meet their daily expenses. This often means that some quickly resort to crime”.

The difference in perspectives between these two groups of credit union participants should not be overstated. Both groups were motivated to participate, or think about participating in partnership projects, in order to offer affordable financial services to a particular group of highly marginalised people who were and are largely unserved by the mainstream financial sector. However, there was some evidence to suggest that credit unions that had links with prisons had a clearer vision of how their activity contributed to penal policy.

For prison officer respondents, the purpose of partnership working is to ensure that people leaving prison have an account that can receive wages and benefits; and specifically in relation to credit union partnerships, to enable people to save in prison in order to overcome the finance gap on release.

Of the six prison officer participants replying from prisons already working with credit unions, 3 people said that the main benefit of partnership working was that it reduced the risk of reoffending. This was supported by a fourth respondent who noted it as the second most important benefit. Two respondents noted that the primary benefit was that it improves the rehabilitation and resettlement services. This was supported by 2 more who noted it as the second most important benefit. Two respondents, one who noted it as a primary benefit and the other the second most important benefit, stated that benefit of the partnership lay in increasing the chance of employment for people leaving prison.

For prison officers therefore, the importance of partnership working was that it contributed to reducing the risk of reoffending, to the strengthening of rehabilitation and resettlement services and that it potentially could support people into employment, given that they would have access to a transactional account and have been assisted to save. These officers explained the purpose of partnership working in these terms:

“[Access to credit union services] opens up a market with regards to employment and accommodation that would not have normally been available”

“It will reduce the need to reoffend as offenders can save for their release and families will have access to benefits or wages. They will also have access to all the benefits offered by credit unions, including money management. It may also improve former offenders’ abilities to access employment and housing”

“It is an important aspect of the resettlement process”.

Prison officer respondents were asked in the online survey to comment on the reasons why a prison would choose to partner a credit union rather than a bank. They said that:

“Credit unions are co-operatives and are run by the members for the members. Credit unions are independent, not for profit organisations. We have found that engaging with the credit union has been an easy process resulting in a positive outcome compared to trying to access this service through banks”.

“Credit unions provide a more comprehensive and down-to-earth approach to finance. Their local nature and availability gives them a more approachable aspect”.

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“Credit unions provide a more comprehensive and down-to-earth approach to finance. Their local nature and availability gives them a more approachable aspect”.
“It improves positive links with the local community. The money saved by offenders benefits the local community”.

These comments were reinforced in the case studies, where prison officers consistently argued that credit unions offer people in and leaving prison an approachable service, which they can continue to use in the community. The ethos and way of working of credit unions enable people in and leaving prison, many of whom would have little or no experience of using banks, to access financial services appropriate to their needs. The fact that families can also participate in the same co-operative institution was seen to be a major benefit.

**On products and services**

The main service that credit unions offer to people in and leaving prison is access to a savings account. Table 3 indicates that 85 per cent of credit union and prison partnerships offer savings accounts. In fact, this applies to all established partnerships; the two missing respondents in Table 3 (13 respondents but only 11 offering savings accounts) seem to be from credit unions where links with prisons have been made but which were not yet fully functioning at the time of the online survey.

In some cases, as has been illustrated in the Leeds and White Rose Credit Union case studies, the original request from the prison was for access to the Credit Union Current Account, so that people leaving prison would have functioning transactional account for the receipt of wages or benefits. Table 3 indicates that about a third of all partnerships offer a current account. However, the current account is mostly only applied for when people are leaving or have left prison. In the prison, it is the savings account that can be used.

The exception, however, to this, is in the case of credit union partnerships with open prisons, where people, who are often working outside of the prison, are interested and allowed to open a current account for the receipt of wages. This is the case, for example, in Bristol Credit Union’s partnership with HMP Leyhill, an open minimum-security male prison in the South West Area. At the time of the study, Bristol Credit Union had opened over 100 current accounts in HMP Leyhill, a figure that had exceeded all expectations.

The main reason given by credit unions for not promoting the Credit Union Current Account in prisons was that their use in the prison was not in the interests of the member. All credit unions charge a small monthly fee to cover the costs of the added functionality of a current account, which would remain unused by a member in prison. Further, any dividend paid on savings applies only to savings accounts and not on current account balances. It was clear to credit unions and prisons that access to a savings account was more appropriate to the needs of most people in prison. It is also a service that all credit unions can offer

The focus on saving in prison differentiates credit union partnership projects from all known prison projects with mainstream banks. In general, banks are not interested, on a commercial or even a corporate social responsibility basis, in promoting savings schemes in prisons. It is the credit union commitment to inclusion and to community financial provision that makes the difference.

People in prison can, of course, already save in their prison account. However, credit union and prison officer participants in partnership projects maintained that saving in a credit union account is socially and psychologically different. Not only does having a savings account encourage
savings in itself, people are saving in a community financial institution that is equally open to their family and friends. Saving in a credit union is part of the process of being assimilated into mainstream society. One credit union manager described the importance of saving in prison in these terms:

“Enabling people to save while they are in prison means they will have a pot to use when they come out to re-establish their home and employment, which is an important part of preventing re-offending. The act of planning for release can only be a positive activity for people, especially for people who are serving long sentences.”

It is important to note that, in credit unions without a current account, savings accounts can be used for the receipt of wages or welfare benefits after a person leaves prison. Admittedly the functionality of a savings account for use as a transaction account is limited. However, with the introduction of electronic payment cards for deposits and pre-paid debit cards for withdrawals, functionality is enhanced. In those credit unions with the Credit Union Current Account, the opening of a current account in addition to the savings account is possible after release.

In regard to other services, while a number of credit unions have provided money advice or financial capability training in prisons, this is limited. Only two respondents reported the provision of debt advice. As in the Leeds Credit Union case study, the provision of such services is mostly linked to an externally-funded project.

People serving a prison sentence are not able to enter into credit agreements and therefore credit unions do not provide access to credit in prison.

Table 3 - Credit union products and services promoted to people in prison as a result of partnership working (based on the survey responses of 13 credit union participants with links with a prison)

<table>
<thead>
<tr>
<th>Product or Service</th>
<th>No. of credit unions</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings accounts</td>
<td>11</td>
<td>85%</td>
</tr>
<tr>
<td>Credit Union Current Account</td>
<td>5</td>
<td>35%</td>
</tr>
<tr>
<td>Debt advice</td>
<td>2</td>
<td>15%</td>
</tr>
<tr>
<td>Money management advice and/or training</td>
<td>3</td>
<td>23%</td>
</tr>
</tbody>
</table>
Establishing effective partnerships

Effectiveness in partnership working between credit unions and prisons depends on the commitment of both organisations to establish the relationship and to make it work.

Identifying need

Interestingly, no survey respondent felt the partnership had been established or driven due to specific demand from people serving sentences for credit union services. Rather the need for credit union and prison partnerships was identified by prison officers, who had had experience of people serving sentences not being able to obtain bank accounts, or by credit union staff, who often became aware of the needs of people in prison from family members in the community. This was the case in South Yorkshire and in Swansea where credit union staff became committed to developing access to the credit union in prison through working with the partners and families of people inside.

Of the six prison officer respondents from prisons with a link with a credit union, four said it was the prison officers who had first identified the need for the partnership and two said that the suggestion came from the credit unions. When asked about the driving force behind making the partnership work, four said it was the prisons that took the lead, and two others said it was a combined effort of prison and credit union staff.

According to the 13 credit union respondents already involved in partnership projects, five said it was the credit union that first identified the need for the project, five said it was the prison and three others identified outside agencies such as the probation and the welfare benefits services. In regard to the development of the link, and where the energy came from to move it forward, again five identified the credit union as the main driving force, four said the prison, three mentioned the probation service and one an unidentified agency.

Management ‘buy in’

What emerged from the survey, therefore, and from interviews with credit union and prison officer participants, was the clear message that to establish an effective partnership, it is essential to have the strong buy-in of both the prison and of the credit union. Further, as was confirmed in the case studies, this organisational commitment must be led at a senior level in both organisations. It was the commitment of the senior management at HMP Leeds, for example, that enabled the partnership with Leeds Credit Union to work. It was the initial lack of senior management engagement at HMP Swansea that delayed the implementation of the partnership there despite the keen interest of the credit union to make things happen.

The central importance of prison engagement emerged strongly in the survey, case studies and interviews. Even though both organisations have to be bought into the partnership, it is the prison alone that can facilitate the operation of a credit union service inside the prison walls. In interviews, prison officers stressed that there needed to be a strong desire on behalf of the management of the prison, of officers responsible for the FBD pathway, and of any stakeholder agency staff working in prisons, such as the DWP Jobcentre Plus benefits and debt advice worker in HMP Leeds, if a partnership is going to be successful.

Support from other agencies

The importance of the support of other agencies was also noted by survey respondents. They identified a range of other agencies and organisations involved
in supporting the establishment or the development of partnership working. This support related often to funding, advice, referrals, or brokering or building the relationships on which partnerships are based. Support organisations mentioned included the Tudor Trust, which funded the money management project in HMP Leeds, Unlock which has been at the centre of establishing financial services in the criminal justice system, service delivery organisations involved in referrals and a member of the Welsh Assembly who assisted in forging links between credit unions and prisons in Wales.

**Challenges (credit union perspective)**

Developing partnerships between credit unions and prisons, however, has often been challenging. In some cases, there have been considerable barriers and hurdles to overcome.

In the survey, among the 13 credit union respondents with current prison projects, five said that difficulties arose from prison or probation officer concerns, five identified barriers arising from prison service regulations, four identified the demands of prison security, four the FSA regulations (mainly concerned with the nature of the common bond) and two identified credit union member concerns. Such responses reveal that credit unions have come up against the concerns of the prison staff, and these largely involve questions about security and the capacity of the credit union to deliver.

A number of credit union respondents also referred to other difficulties in developing partnership working. The most important of these concerned communication with the prison, resources and administrative costs and ensuring bilateral agreement on policies and procedures. Credit union managers explained these difficulties in the following terms:

“The key barrier is that there is no income for a credit union in providing services for offenders, rather all activity imposes a cost. The credit union could not have taken on the project without [external] funding. As the funding has ended the credit union has stopped the project as it cannot support a non-income-generating activity from its own funds”

“Agreement had to be reached on a common membership application form. Change of staff at the prison meant that all the hard work came to nothing and the process had to start again. Communication with the prison is not always that open”.

“Time required visiting the prison to set up accounts initially before prison officers were completing themselves with the agreed MoJ Personal Identification Document. Also, the ongoing resources needed to find ways of promoting the services to prisoners and training/informing those working with offenders in prison and in the community”

“There was initial reluctance from the prison senior management team. This would appear to have been due to staffing issues”.

**Challenges (prison perspective)**

The six prison officer respondents, who had a link with the credit union, identified the main barriers to partnership work as prison security (four respondents), prison service regulations (two respondents), credit union member concerns (two respondents) and FSA regulation (one respondent). In interviews and in written responses to the survey, the key barrier that was identified was overcoming the issue of the verification of the personal identity of the prisoner, to both the satisfaction of the credit union and the prison.
On systems and procedures

The four cases studies undertaken as part of this study (see Chapter 4) demonstrate that, despite any hurdles that have to be overcome, effective partnership working can be established between credit unions and prisons to the advantage of people serving sentences. However, in all case studies, overcoming challenges whether in respect of prison regulations and security or of credit union operational requirements, has depended on the development of robust systems and procedures.

In interviews, prison and credit union participants stressed the importance of mutual, inter-organisational agreement on how the delivery of credit union services in a prison can operate to the satisfaction of both parties. This may involve limitations on the flexibility of service delivery to the member. However, interviewees were confident that arrangements can be so organised as to offer an effective service to a person in or leaving prison that responds to his or her particular circumstances.

There are often slight variations in approach to the operational delivery of the partnership with resultant differences in systems and procedures. However, for the most part, there is more commonality than difference, and all partnerships, in one way or another address the following similar basic issues.

Credit union co-ordinator or link-person in the prison

All participants stressed the importance of having a named credit union link person in the prison. In HMP Leeds, HMP Wakefield, HMP Lindholme and HMP Swansea, there is a named contact prison officer who takes responsibility for communicating with the credit union and for promoting its service throughout the prison. It is the same arrangement at HMP Leyhill which has a link with Bristol Credit Union, the manager of which pointed out:

“It was the liaison with a dedicated contact within the prison that helped to open the 100+ current accounts recently opened in our local open prison [HMP Leyhill].”

In the credit union, also, there was often a named person with responsibility for the relationship with the prison. There was good evidence, from the case studies and interviews, to suggest that the successful development of partnership working depends on the quality of the communication, and the level of trust engendered, between the link prison in the prison and credit union officers. It was through the strength of this relationship that effective systems and procedures could be agreed and established.

A service level agreement

Some credit unions and prisons spoke of initial developments to create a formal service level agreement between the prison and the credit union detailing the specific responsibilities of both parties to the partnership. However, mostly these formal agreements were either left undeveloped or were not seen as of major day-to-day significance in partnership arrangements. One or two respondents said that in their partnership, a formal service level agreement had not even been considered.

Much more important to the successful implementation of the partnership, it was claimed, was the level of good will and trust that existed between the prison and the credit union staff, and any other staff members from other organisations with a stake in the partnership (e.g. the DWP Jobcentre Plus staff in HMP Leeds). The message from participants was that partnerships work because of strong
relationships rather than because of written formal agreements.

However, there was some recognition that the long-term sustainable development of partnership arrangements could benefit from the formal adoption of service level agreements between partner organisations. The small scale nature of current arrangements, however, did result in most participants considering that a reliance on more informal relationships was sufficient for the present time.

**Verification of identity**

It is a requirement of the credit union that the identity of all applicants is verified according to standard procedures. Of course, it is the lack of standard ID that has often given many people in and leaving prison real difficulties in accessing mainstream bank accounts.

However, in recent years significant progress has been made in establishing procedures for the verification of personal identity for the purposes of opening bank accounts in prison. Following work by Unlock with the banking sector, and a number of research studies, NOMS introduced a Prison Service Instruction (PSI 44/2011) regarding identification for prisoners wishing to open bank accounts. This PSI was approved by and agreed with the British Bankers Association, the banks and the Joint Money Laundering Steering Group and it introduced a standard pro-forma for prisons to confirm prisoner ID from prison records.

For credit unions, therefore, the issue of prisoner identification for the opening of savings or current accounts is now generally relatively straightforward. The aforementioned official prison ID form can be used, or mutually agreeable modified version developed. This can be combined with an application form which gives the details of the applicant and the release address (if known). The form can then be countersigned by a nominated prison officer to verify identity from prison records. It is usually accompanied by a prison photograph certified by a prison officer as a true likeness.

All case study credit unions have developed personal identity verification documentation, as noted by one of the managers at Leeds City Credit Union

“The process of proof of prisoners’ identity has been streamlined in cooperation with the prison”.

Examples of this documentation are often available for other credit unions to use. LASA Credit Union, for example, has had its documentation accepted as a template for all credit union and prison partnerships in Wales.

**Promotion, application and account opening procedures**

There are variations in the way that credit union services are promoted in prisons. In some prisons, as in HMP Leeds, the opportunity to open a credit union savings account is offered at the time of induction and basic custody screening; whereas in HMP Wakefield people become eligible to open a savings account within two years of release, and a Credit Union Current Account within two weeks of release. These variations are a function of the category and type of prison and often the resources available to promote the service. Typically, however, the credit union offer is promoted by word of mouth and by posters on the wings.

Application procedures generally follow a similar pattern to membership applications in the credit union itself. However, in general, the standard membership fee is waived in the case of prison applications. Most prisoners will be depositing only a small sums and a membership fee could make the scheme unattractive for most people. In nearly all cases, it is the prison
link officer who handles application procedures in the prison and supports people to complete standard credit union application forms. These are returned to the credit union for processing.

There are sometimes, however, additional conditions attached to credit union membership that would not apply outside of the prison. A good example is the ‘compact’ requirement in HMP Swansea which requires potential credit union members to agree to a savings plan and not make requests for withdrawals prior to release.

Normally credit union confirmation of the opening of the account is sent to the new member via the prison link officer. However, any passbooks, electronic deposit cards, pin numbers, debit or ATM cards (in the case of current accounts) are generally kept in store property until release. There may be some variations to this latter procedure in the case of people holding current accounts in open prisons.

Once the savings or current account is opened, however, the management of the account becomes the responsibility of the new member and any enquiries about the account are made directly to the credit union normally by post, or if resources allow, by use of the prison telephone. Current or savings account statements are normally requested by post and are returned often by post without charge.

**The prison finance department**

The support of the prison finance department is critical to success. The finance department has to agree procedures for the transfer of funds to the credit union from an individual’s prison account, the receipt of repayments from the credit union to the prison account, and any subsequent disbursement of funds to third parties (this final procedure only applies if and when the credit union pays withdrawals back into the prison account and if the member wishes to pay accumulated funds to a third party).

Wherever senior management of the prison are supportive of the partnership, credit unions have not found securing the agreement of the prison finance department to be particularly problematic.

**Usage of the account in prison – deposits and withdrawals**

In all case studies, credit unions generally agreed to keep transactions in and out of accounts to the minimum in order to reduce credit union administration and any burden on the prison finance department and to avoid any difficulties with money laundering regulations. In most cases, savings accounts could only be used to receive transfers from prison pay or from a prisoner’s personal ‘spends’ account.

The procedure for making a deposit into a savings account normally involved the member completing a letter of authority to the finance department to commence or to adjust a deduction from the individual’s prison spends account. In some cases, as at HMP Swansea, a weekly collection session was organised on the wings. At this session, the prison link officer would collect completed forms to forward to the prison finance department. This system allowed for flexibility in savings deposits. However, most prisons had a minimum savings deposit amount, normally around £2 per week. If allowed, any payments into a savings account from an outside party (e.g. a cheque from a friend or relative) would normally have to be made via the prison’s private cash system. This would be by special arrangement with the credit union and the prison.

The operation of current accounts in open prisons was somewhat different. External deposits from third parties could be made directly into the account without the intermediary of the finance department.
Withdrawals directly from savings account, either inside or outside of prison, were not allowed by any of the case study credit unions. Or, if technically allowed or open for consideration, most credit unions had little or no experience of any prison member requesting or making a withdrawal from his savings account. The reason for the accounts was to save for release, and generally this commitment was adhered to by members.

Some credit unions, however, did note rare exceptions. Leeds Credit Union, for example, reported that people in prison could technically send money out to third parties, but this would have to be from the prison private cash account and not from the credit union. This would require transfers from the credit union account back into the prison private cash account in order to make the withdrawal. This was technically possible but rare and was not encouraged by the credit union. The one or two exceptions that existed were to enable people to make payments to repay loans or rent arrears in order to support resettlement. Payments from current accounts for people within open prisons would be subject to the agreement of the prison.

In order to control account usage, and for administrative simplicity, joint savings account, even though now permissible under new credit union legislation, were not allowed or considered by any case study credit union. All accounts must be solely in the name of the person in prison.

**Beyond the prison gates**

Once beyond the prison gates, the management of the credit union account becomes the sole responsibility of the member. Passbooks and other literature and cards, if in the possession of the prison, are returned on release. Deposits and withdrawals are then undertaken according to the standard practices of the credit union.

In all credit union case studies, savings accounts could be used after release to receive welfare benefits and wages. Deposits and withdrawals, which in the past have been made in person at a credit union office, can now in many credit unions be facilitated through the use of an electronic payment card (for deposits in retail and other outlets cf. PayPoint) and a pre-paid debit card or BACS transfer (for withdrawals). This does allow the member to use the account even though he or she may be unable to physically get to a branch office.

However, in those credit unions with the facility, the possibility also exists of applying for a Credit Union Current Account, with either a debit or ATM card (whichever is allocated by the credit union). Those members who opened a current account in an open prison continue to do so as any regular member.

After release, members receive all the benefits of regular credit union membership, including access to loans. Unfortunately (from a research perspective), the progress of people having left prison was not specifically tracked in credit unions, and therefore little statistical data exists on how beneficiaries progress in their use of credit union services. All credit unions, however, have anecdotal evidence of the positive progression on a pathway to financial stability of some of the members who joined in prison.

It was noted by some credit union managers, however, that the lack of tracked statistical data on the prison membership was indicative of an inclusive approach to membership which avoids any negative categorisation of people based on their previous status.
Evaluating progress

Partnership working between credit unions and prisons is, in most cases, a relatively recent phenomenon. As noted earlier in this chapter, there are currently 13 credit unions7 that have a formal or semi-formal arrangement with a prison through which people in or leaving prison can access either a credit union savings or current account.

In a number of prisons take-up of accounts has been promising. At the time of the study, Leeds Credit Union reported nearly a thousand savings accounts open in HMP Leeds and HMP Wealstun. South Yorkshire Credit Union had over 200 accounts in HMP Lindholme. White Rose Credit Union report over 40 savings accounts opened in HMP Wakefield with about 20 more in the pipeline and with 12 people having opened a Credit Union Current Account after release. Bristol Credit Union reported over 100 Credit Union Current Accounts opened in HMP Leyhill.

The online survey (see Table 4) seemed to indicate slower progress in opening accounts, with most respondents reporting less than 50 savings or current accounts opened. However, some of the respondents in this survey had only just begun to pioneer projects with prisons and one or two credit unions with strong links with a prison did not complete the survey. This survey response, however, does reflect the position in many partnership projects, that take-up is relatively modest. However, the notable exceptions do point to the significant potential of partnership working and the delivery of savings and current accounts in prisons.

The response in Table 5 is particularly encouraging. The majority of respondents reported that take-up of accounts was either roughly as expected or was higher than expected, given the stage of development of particular projects. There have been disappointments in some projects, where despite willingness and a commitment to engage, take-up has been less than expected. The reasons for this are hard to identify as none of the case study partnerships were significantly underperforming. However, in line with the general findings of this study, such cases are likely to be a result of a lack of resources, a lack of staff to promote the project in the prison and a lack of communication about the benefits of credit union membership throughout the prison.

Five credit unions in the online survey indicated that they had dealt with prisons or probation services in the past but were no longer doing so. These ‘partnerships’ had tended to be ad-hoc arrangements, with limited scope and impact and without any formal or even semi-formal policies or procedures in place. Often they had arisen through concerns for particular individual people in prison. As one credit union manager explained in a written comment in the online survey:

“The links were very ad hoc - rather than being a specific project. It was driven by the needs of specific individual offenders/ex-offenders to access financial services.”

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7 This was correct at the time of the research study. As noted previously, North Yorkshire Credit Union closed for business in October 2012. This makes 12 credit unions with a formal or semi-formal partnership arrangement with a prison.
Table 4. The number of credit union products and services that have been taken up by people in prison in the last year, according to the 13 respondents in the 11 credit unions with active partnerships with prisons. The top number is the count of respondents selecting the option. Bottom per cent is total respondents answering that part of question and selecting the option.

<table>
<thead>
<tr>
<th>Number of accounts</th>
<th>1-20</th>
<th>21-50</th>
<th>51-100</th>
<th>over 100</th>
<th>NONE</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings accounts</td>
<td>4</td>
<td>6</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>33%</td>
<td>50%</td>
<td>0%</td>
<td>8%</td>
<td>0%</td>
<td>8%</td>
</tr>
<tr>
<td>Current accounts</td>
<td>3</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>38%</td>
<td>12%</td>
<td>0%</td>
<td>12%</td>
<td>12%</td>
<td>25%</td>
</tr>
<tr>
<td>Debt advice</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>20%</td>
<td>0%</td>
<td>0%</td>
<td>20%</td>
<td>0%</td>
<td>60%</td>
</tr>
<tr>
<td>Money management advice and/or training</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>20%</td>
<td>0%</td>
<td>0%</td>
<td>20%</td>
<td>0%</td>
<td>60%</td>
</tr>
</tbody>
</table>

Table 5. The level of take-up by people in prison compare to your expectations, according to the 13 respondents in the 11 credit unions with active partnerships with prisons. The top number is the count of respondents selecting the option. Bottom per cent is total respondents answering that part of question and selecting the option.

<table>
<thead>
<tr>
<th></th>
<th>Lower than expected</th>
<th>Roughly as expected</th>
<th>Higher than expected</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings accounts</td>
<td>2</td>
<td>8</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>17%</td>
<td>67%</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>Current accounts</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>12%</td>
<td>25%</td>
<td>25%</td>
<td>38%</td>
</tr>
<tr>
<td>Debt advice</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>0%</td>
<td>17%</td>
<td>17%</td>
<td>67%</td>
</tr>
<tr>
<td>Money management advice and/or training</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>17%</td>
<td>17%</td>
<td>17%</td>
<td>50%</td>
</tr>
</tbody>
</table>

Another respondent from another one of the five credit unions made a similar point.

“This was not a formal link. It was one prison release support worker who wanted to help an individual prisoner.”

These five credit unions credit unions offered a range of reasons as to why their contact with prisons and probation services had not developed further. These reasons included; ‘the local prison refused to respond to any communications’, ‘the ad-hoc approach meant a lack of a specific contact for issues with individual members’, ‘there was no way perceived way to develop the very small amount of work being done’, ‘money laundering checks were more complex as ID / residency proof was difficult to obtain’ and ‘a one-off case required additional resources in communications with the prison support worker but resulted in no benefit to the credit union as the individual immediately closed his membership on release’. However, one key reason that underpinned a number of responses was a lack of resources and funding to develop credit services in any significant manner.
**Appetite for expansion**

There was a strong interest in all four case studies, from credit union managers and prison officers, to maintain and to expand access for people in and leaving prison to credit union savings and current accounts. Alongside this went a desire for greater access to money and debt advice and financial education in the prison, two of the other important prerequisites if people in and leaving prison are to be enabled to achieve financial security and stability.

Of the 28 respondents from credit unions that had never dealt with a prison in the past, 21 (75 per cent) said that they would be interested in developing a link with prisons and seven said not sure. Nobody said that they were not interested in developing a relationship.

Of the 18 responses from prisons that had heard of credit unions but had never worked with one, 12 (67 per cent) said that they would be interested in developing a partnership with a credit union, 6 were not sure but, as in the case of credit unions, none said that they were not interested.

For those seven credit union respondents who were not sure about developing a link, the reasons given for their hesitation were: other activities were a higher priority (n4, 57 per cent), lack of time and resources to develop a link (n3, 43 per cent), lack of time and resources to deliver the service (n3, 43 per cent) and issues concerning risk (n2, 29 per cent).

For the six prison respondents who also expressed hesitations, five responded to the question on the reasons for their not being sure of developing a link; all said that it was lack of time and resources to deliver (n5, 100 per cent), four said that it was lack of time and resources to set up the link (n4, 80 per cent); three said that other issues were of a higher priority and three identified issues concerning security and financial risk (n3, 60 per cent).

In interviews, credit union and prison participants also confirmed that the biggest hurdle to greater expansion concerned the resources and the financial investment required to develop an effective service.

For credit unions, even though there might be estimation that resettled prisoners could become income-generating members in the future, delivery of a service in a prison is a financial cost. Indeed, with many people moving away from the credit union's area of operation after release, even the promise of future revenue is reduced.

It is for the reason of the lack of financial resources that other activities were given higher priority by the credit union respondents not sure about developing a link with the criminal justice system. These activities would be income-generating and designed to support the long-term sustainable development of the credit union. In fact, for a credit union with scarce resources it may be unwise to make a major investment in a non-income generating part of the business.

Or, as in several case study credit unions, the reality of scarce resources may mean that the development of the service within the prison has to be contained within acceptable limits. A credit union such as White Rose Credit Union, for example, can handle up to a hundred accounts without any significant negative effect on the business. However, if this were three or four hundred, the situation would be different. The same is true in a large organisation such as Leeds Credit Union, where managing around 1,000 accounts is perhaps reaching maximum capacity.

The availability of resources is clearly a real issue in the expansion of credit union partnership working within the criminal justice system. However, whether resources are secured through the
commitment of the prison or the credit union or with, as was the case in Leeds, with external financial investment, credit union and prison partnerships demonstrate how the two organisations acting together can make a real contribution to assisting people in and leaving prison on a supportive pathway leading to resettlement in the community. It was for this reason that around 70 per cent of the prison and credit union respondents to the survey, without an already existing partnership project, said that they were interested in developing a partnership project.

However, people wanting to develop a link also said that they needed more information if they were to take a partnership project forward, plus a range of more appropriate financial products and an interested partner.

The 21 credit union respondents interested in developing a link said that they needed:

- More information about the financial needs of people in the criminal justice system (n20, 95 per cent)
- More information about the operation of the criminal justice system (n19, 90 per cent)
- An interested partner (n19, 90 per cent)
- More appropriate financial products (n6, 29 per cent)

The 12 prison respondents interested in developing a link said that they needed:

- More information about credit unions (n12, 100 per cent)
- An interested partner (n9, 75 per cent)
- More appropriate financial products (n6, 50 per cent)

From the findings of this research study, there is a real appetite on the part of credit unions and prisons for greater involvement in partnership working, given a wider understanding of the issues involved and the resources and the investment to make such partnerships happen.
6 Credit unions in the community

Through the prison gates

Once in the community, members who joined a credit union in prison become regular credit union members with access, similarly to the rest of the membership, to credit union products and services. Once out of prison, in credit unions where such facilities are available, they are able to access electronic deposit cards (PayPoint or its equivalent) and pre-paid deposit cards. In credit unions with the Credit Union Current Account, they are able to apply or to continue to use current account services. They are also able to apply for loans as a regular member of the credit union. In some credit unions, insurance services are also offered to members.

In the online survey, of the 13 respondents from credit unions with established links with prisons and/or probation services noted, 92 per cent (n12) were providing savings accounts, 46 per cent providing access to current accounts (n6), 54 per cent (n7) providing access to personal loans and 15 per cent (n2) to money management advice and/or training. Other services noted by credit unions as provided in the community to people in the criminal justice system included rent direct accounts and insurance products.

The number of savings and current accounts opened and used by people in the criminal justice system is harder to exactly quantify. This is for a number of reasons. First, most credit unions do not track the progress of people who have come out of prison once they part of the regular membership and, secondly, some people who joined in prison do not subsequently reside in the common bond area of the credit union and are advised of the existence of, or transferred to, another credit union in the area they are living. However, in the online survey, the respondents indicated that, for the most part, take-up and continued usage of credit union accounts among people in the criminal justice system remained modest but very promising. Only about 16 per cent of respondents (n 2) said that there was more than 50 savings accounts opened in their credit union and only one person said that more than 50 current accounts had been opened. However, it must be noted that these figures are indicative only, as not all credit unions offering services responded to the survey. 58 per cent of respondents (n 7) stated that they felt that take-up and usage of savings accounts was roughly as they expected but 23 per cent (n3) said that it was lower than expected. However, in interviews people were positive about progress made. As one manager noted in regard to the take-up and usage of current accounts:

"We currently have 12 active accounts using the Credit Union Current Account which I think is quite a success. There is certainly evidence to support that a current account generates a longer membership"

Transfers to other credit unions

One issue faced by all credit unions is the need to offer a transfer to other credit unions when people leave prison. Credit unions are, by law, only able to serve people who live or work in their designated area of operation, called the common bond. Whilst people are in prison, they will be living in the common bond of the credit union, but, on release, their residence maybe outside this common bond area. People moving outside of the common bond can choose either to continue membership from afar or transfer to another credit union.

A number of participant credit unions noted that some people do continue to use their accounts after leaving the common
bond. This is facilitated by the use of electronic deposit cards and pre-paid debit cards for withdrawals (from savings accounts) or an ATM or debit card, whichever is allocated, on current accounts. Clearly, however, if the distance is great, all enquiries would need to be carried out on the phone rather than by a visit to an office.

Some credit unions have endeavoured to initiate inter credit-union transfers for people that want to retain membership of a credit union, but one closer to home. This can be relatively simple or inordinately difficult depending on the area concerned, as everything depends on the capacity and the willingness of other credit unions to engage. Some managers noted that the lack of a national system for inter-credit union transfers does mean that much depends on the resources of the transferring credit union to organise and implement transfers.

**Working with partner organisations**

A number of credit unions are working closely with partner organisations that act as intermediaries to target products and services to people coming out of prison, on probation or involved in the criminal justice system. Key partners are social housing providers, money and debt advice agencies and specialist projects designed to support the rehabilitation of people into society.

The examples of such partner projects that emerged in the study included Sheffield Credit Union working with Sheffield Homes and HMP Doncaster to offer savings accounts and money management advice and training to people leaving prison. In the North West, Adactus Housing is working with Manchester, Unify and Welcome Credit Unions to support people in the criminal justice system to obtain the financial services they require. In Salford, Salford Credit Union works closely with the Salford Prison Project (SPP), which is based at the Salford Unemployed Community Resource Centre. This project is outlined in detail below.

Credit unions recognise the importance of the development of networks and partnerships in order to reach people leaving prison or in the criminal justice system, many of whom face high levels of social and financial exclusion and are particularly hard to reach. Clearly this work is in its early stages, but already is showing significant potential.

However, the following quotations from social housing partners in the survey illustrate the importance of a strategic approach to partnership development and the need to monitor and evaluate progress made. In most cases, data was absent to indicate the effectiveness of partnership working in reaching out to people in the community.

“With the financial inclusion work we do, we assist and promote the products offered by [the credit union] and work very closely with them. However, we do not have any way of monitoring the take up of any products or services as a result of this work. (A social housing provider on working with a credit union to reach out to tenants in the criminal justice system)

**Salford Credit Union and Salford Prison Project**

Salford Credit Union offers access to savings accounts to people leaving HMP Manchester through a partnership arrangement with Salford Prison Project (SPP), based at the Salford Unemployed Community Resource Centre. This voluntary-sector project supports people coming out of prison who do not normally receive supervision through the Probation Service but still have high rates of reconviction. Many have drug related
convictions, and most face acute social exclusion. All have served three or more custodial sentences, but on average most have served around ten.

SPP’s focus is on helping people who have had difficulties in desisting from crime in the past and on supporting them to find stability and to resettle in the community. It offers a range of support services in the areas of accommodation, employment, education and training, health, drug and alcohol dependency, families and relationships, and finance, benefits and debt. However, SPP has always had a real problem in assisting people to open a bank account to receive wages or benefits, as it has traditionally found banks to be unresponsive, with many people just refused access to an account. It was for this reason that SPP turned to the local credit union for an alternative solution.

However, at the time early in 2012, the local credit union was itself undergoing a number of organisational challenges and so, in order to strengthen a potential partnership arrangement, a number of SPP staff members volunteered to serve on the credit union’s board and assist in its process of organisational development. The credit union now offers the people SPP works with access to a savings account, which can be also used for the receipt of wages or benefits. Use of the account is facilitated by the provision of electronic deposit cards and, for withdrawals, pre-paid debit cards. The credit union does not have a current account offer.

The manager of SPP considers that the credit union has a key role to play in supporting people in the criminal justice system, and their families, to achieve social and financial stability. Not only can the credit union provide accounts, it can assist people to budget and manage their finances more effectively, and to develop a culture of saving and financial responsibility. It also offers people access to credit, once they have established themselves as a credit union member. SPP works closely with a range of other agencies offering services to people in the criminal justice system, including the probation service and housing providers. Through its wide networks, it promotes the benefits of credit union membership to people endeavouring to resettle in the community. SPP is now supporting the credit union to approach HMP Manchester to open access to savings accounts in the prison.

Credit unions and Probation

There were 13 survey respondents from organisations that worked with people in the criminal justice system in the community, three of which had links with credit unions and two of which were discussing developing a link. These five organisations were social housing providers, money advice agencies and homelessness charities. Among the 13 respondents, there were only two replies from the probation service, and both said that they had no link with a credit union. However, both respondents did state that they were interested in developing a link and were looking for more information about credit unions and for an interested credit union partner.

However, further research through the credit union and probation networks revealed a number of examples of credit unions working in partnership with probation services. In Birmingham, the West Midlands Probation Service was linked with Citysave Credit Union; and the ‘Back on Track’ project at Ilkeston Probation Service, an integrated offender management pilot project, was working with Erewash Credit Union to support the
resettlement of a group of selected offenders in the community.

In London, the London Probation Trust was working with Camden Credit Union to pilot a loan scheme for rent deposits in 12 approved premises. This project is detailed below. In Bristol, Bristol Credit Union was working with a local prison and a probation hostel on a scheme entitled “Entrust” which enabled people coming out of prison to obtain a £25 per week loan to enable them to make ends meet until their welfare benefits payments came through. The credit union was also able to set up Rent Direct accounts for people, which gave landlords greater certainty on rent payments and thus encouraged them to let to people who they might not otherwise consider.

In all of these partnership projects the aim was to support the resettlement process of people coming out of prison, or in the criminal justice system, and enable them to access savings and current accounts and, in certain cases, loans to support their longer-term financial stability in the community.

**Listening to people on probation**

The research study aimed also to listen to the views of the people in the criminal justice system about the potential benefits of credit union membership and whether access to a credit union would meet their needs. To this end, a meeting of nine people in the criminal justice system was arranged through the London Probation Trust to explore their understanding of credit unions and their thoughts on how they could assist them to achieve financial stability.

Overall, there was a positive response to the credit union concept and people saw many more advantages than disadvantages in being a member of a credit union. Two of the nine in the group were already members of credit unions in London. Strong themes to emerge from the discussions included credit unions assisting people back into financial stability, their helping people to reintegrate back into society on release and the accessibility and approachability of credit unions in the local community. As some participants noted in the discussions:

- “Credit unions are a platform back into society”.
- “They help people back into financial stability”.

Advantages of credit union membership for people coming out of prison were seen particularly in the areas of access to savings accounts, to current accounts and to affordable credit.

On access to saving, participants were strongly in favour of access to savings accounts in prison. Typical comments included:

- “If they [credit unions] went into prisons then the prisoners would have something set up for when they got out. Do you understand what I am saying? People in prison would feel more secure knowing that they had a couple of quid for when they got out”
- “It will give them some kind of stability because if they are earning about £15 or £20 per week then they can save £5 of that for when they come out”
- “Yeah so that when they are inside they can learn budgeting and so on and then when they get outside they will know what to do and how to use their money properly”.

For participants already in credit unions, the default option to save was regarded positively:

- “The automatic savings on minimal amounts, I don’t know about all credit unions but the one I am a member of automatically deducts very minimal amounts from your income and just puts it into your savings for you”.


Access to a current account was also seen to be important to people in or leaving prison:

“Credit union accounts are available to all those who may not be able to open a bank account; so somebody that needs an account and doesn’t want it to be a post office card account, can get a credit union account”

“So if you come out of jail, have lost all of your ID and you can still open an account for your wages or job seekers to go into then I think it is a very good thing to have”

Access to a credit was clearly a benefit for some, but others approached the issue of borrowing with some caution:

“I haven’t really had a lot of experience as I have just opened an account with them. I was thinking of getting a loan off them to pay off some court fines but basically I was advised against it. My solicitor said, why take out a loan to pay off a debt and then be in more debt”.

There was a strong focus on the role credit unions could play in facilitating the transfer of funds in and out of prisons.

“[The credit union] would negate the issue of sending in postal orders and then having them sent into the governor, and then having them opened at the cell door. Family and friends could pay in on the outside into the credit union so that prisoners could access the money. Also canteen and phone cards there could be some direct transfer scheme set up, it starts being that they have financial responsibility for themselves”.

The role of credit unions in supporting people through the discharge process was highlighted by this participant:

“It takes away the element of having a load of cash in your hand when you walk out of the door, you may have had a drug or alcohol habit before you went into custody and then they are basically sending you out of the door without any medication arranged or any benefit arranged for eight weeks. They send you out with your discharge grant in your hands and a raging heroin habit, they are sending you straight out to your dealer. So really you wouldn’t have all that because you money would be in a credit union”

However, there were also some concerns expressed about the operation of credit unions in prisons and in the probation service. These mainly concerned confidentiality and information sharing, and the independence of credit unions from the criminal justice system. In regard to the latter point, some strong points were made about the ownership of credit unions. Could credit unions in the criminal justice system really be owned by their members, including those in prison, or were they just another part of the prison authority system?

On confidentiality and information sharing, one participant said:

“But would that (the credit union) be confidential. What I am trying to say is that if there was a credit union set up in prison would the prison officers or would anyone be privy to your account. If the system isn’t privy to the information about how much you have in the account then that is cool”

Another participant, in the same vein, was concerned about using the credit union while in prison for deposits of personal funds that were not earned through the prison system. There was a fear of the prison authorities becoming aware of the funds held outside the prison system.

“I’m not going to put my outside money into it because of whatever. If
the authorities had access to the system, you would exclude certain amounts of money”

This latter point tied into the discussion in the group about the possibility of developing a credit union solely for people in the criminal justice system or, alternatively, encouraging prisons and probations services to link up with existing credit unions in the community. There was a strong feeling that a credit union for the criminal justice system was not a good idea, linking with local credit unions was regarded as a much more effective strategy. As two participants noted, becoming a member of a local credit union is a step towards resettlement into the community and towards normality.

“Personally I think a local one because that links in more with reality than if you are in this prison one because when you leave prison you still have to deal with this prison thing, whereas if you were dealing with this community one then when you leave, you deal with it as a normal person”

“I think the community based one because it’s all about the integration with the community and psychologically I definitely think the community one”

Camden Plus Credit Union and London Probation Trust

A pilot project has been established between London Probation Trust (LPT) and Camden Plus Credit Union (CPCU) to enable people living at one of LPT’s 12 Approved Premises across London to access financial services. The project was initiated by the credit union, whose manager explained:

“Credit Unions across the country play a vital role in helping financially excluded people access the financial services they need. Assisting ex-offenders with moving in to their own accommodation meets our social objectives as a Credit Union.”

LPT recognised the opportunity to improve the “finance, benefit and debt pathway” strategy, something that LPT’s senior management was explicit about developing. LPT’s project champion is the Assistant Chief Officer responsible for Approved Premises. In interview, the ACO said;

“LPT are exploring new ways to deliver efficient and effective resettlement services that make London safer. Innovative projects such as the Camden Plus Credit Union represent London Probation’s ambitions to help both rehabilitate socially excluded offenders and protect the public by working with a range of partnership agencies within local communities.”

People staying at Approved Premises have usually been directed to do so as part of their release from prison, but might also have been directed to stay there as a condition of bail or a Community Order. LPT’s Housing Development Manager said:

“All offenders living in Approved Premises will leave at some point and we support them in their move and help them find accommodation. Often an individual’s biggest barrier to moving on is access to finance, either because they have not been able to earn enough money, or they have a poor credit history and cannot get a loan.”

LPT and CPCU secured approval from the FSA for the credit union to work in LPT’s 12 approved premises. They then identified three products to be made available during the pilot.

First, a ‘simple savings’ account that allows deposits to be made via standing order, cash or cheque in a branch, PayPoint electronic deposit or payroll deduction (at participating employers).
The account does not attract interest but the credit union pays an annual dividend.

Secondly, a ‘simple banking’ account which is a separate credit union savings account with a prepaid Visa debit card. Salary and benefits can be paid in. A prepaid debit card is provided, which must be topped up whenever funds are required for withdrawal at ATMs or to shop in stores or online. Cash withdrawals of up to £500 per day are allowed and can also be made at the credit union’s branch. Cashback is currently available from Morrison’s supermarket and there are plans for other stores to follow. The account cannot go overdrawn.

Finally, rent deposit loans are offered on terms based on individual circumstances, with the interest rates ranging from 9.4 per cent to 26.8 per cent APR. The maximum value is normally up to £1,000 although there is some discretion. Outside of the pilot, the credit union’s loans range from £150 to £3,500. Loans for rent deposits are available to people who LPT is sure are ready to leave Approved Premises and move into residential accommodation without delay. The loans are paid directly to the landlords.

Over the next three months, LPT is looking to facilitate access to the credit union’s online services. LPT sees the pilot as part of its broader finance, benefit and debt strategy. 25 Housing Advice Workers, employed by local authorities, visit Approved Premises to speak with offenders and explain what types of housing are available to them. In addition LPT runs an eight week Tenancy Sustainment Programme, which covers housing benefit, budgeting, tenancy agreements, dealing with rent and arrears and setting up council tax and utilities.

The arrangement between LPT and CPCU is commercial, with the credit union designated a ‘preferred provider’ and acting as a sub-contractor. LPT has provided revenue funding to set up accounts. The provisions for CPCU to extend their loan facilities to people in approved premises include safeguards which minimise business risk in the event of service users defaulting on loan repayments. LPT and CPCU predict repayment rates will be between 60-80%.

For the prepaid debit card account, members are normally required to pay a £5 opening charge and a £1 per week fee. However LPT is covering these costs for clients during the pilot period.

The pilot has been running since July 2012. So far 8 savings accounts, 2 prepaid accounts and 4 rent deposit loans have been activated. At the end of March 2013 London Probation Trust will review the pilot and see if the financial model can be utilised for people supervised by London Probation Trust that do not reside within Approved Premises.

Serving partners and families

Some credit unions have also engaged the family members of people in prison, providing savings accounts, current accounts and personal loans. Of the 13 respondents from credit unions with established links with credit unions and/or probation services, five said that they promoted savings accounts to partners and family members as a result of the partnership working and three said that they provided loans. There were examples of credit unions also providing current accounts and money and debt advice.

Actual take-up of products and services, directly through activity to reach out to the partners and families of prisoners was not easy to measure, as precise data was unavailable. However, from survey responses, the numbers of people currently reached and brought into
membership is relatively small. Among the 13 respondents from credit unions that had established links with prisons and/or probation services, 33 per cent (n4) said take-up had been less than 20 savings accounts among the partners and families of prisoners; one person said that it had been less than 50 and the remainder had no data to share. One respondent said that up to 50 current accounts had been opened, and the remainder had no data or did not offer current accounts. Two respondents said that less than 20 loans had been made and one less than 50.

Nobody stated that take-up was higher than expected and only 27 per cent of respondents (n3) said, for example that the take-up of savings accounts was roughly as expected, the remainder said it was lower than expected or had no data to quantify progress.

With the small number of credit unions specifically reaching out to the partners and families of prisoners, it is clear that this is not generally the focus of most partnership working. In all four case studies, for example, the focus was on serving people in the criminal justice system, even though all would have anecdotal examples of how their partners, families and friends were also often served by the credit union. There were, of course, exceptions. Prince Bishops Community Bank, a credit union in Durham, specifically targeted the families of prisoners through the opening of collection points in visitors’ centres. This partnership activity is described below.

Listening to partners and family members

Given the absence of large-scale strategic approaches to the development of products and services specifically for partners and family members, the research study considered it important to explore the understanding of partners and family members of credit unions and of how credit unions could respond to their specific needs. The following comments are drawn from a focus group organised in London by Action for Prisoners Families.

Most family members had heard of credit unions, though they admitted that their knowledge was limited and unsure.

“I do know a little about them. I know that you can save with them but I don’t know a lot more about them. I don’t know where they are or how you can get to them.”

However, perceptions of credit unions were generally positive. Participants referred to them as the “People’s Bank” and were conscious that they offered “community support for financial problems”. Savings were the most commonly identified product. The only participant who mentioned “low interest loans” had previously run a credit union.

Participants spoke of the need for financial services, both for current accounts for people in and leaving prison, and for support with saving. A number of participants spoke about the real difficulties their family members in prison or on release faced in accessing a bank account. However, the most important issue raised was saving for family members on release. This quotation is from a participant who is a member of a credit union and who is saving for her daughter’s release:

“What I love is that I am trying to save at home for [my daughter] but saving at home is hard because I keep dipping into it. My son will ask if he can borrow a £100 and he knows that I am saving for [my daughter] so knows the money is there. When it came to my attention [of the credit union] at Low Newton I thought it was safer, I don’t want to
touch it. I have been saving now for about a year and a half and have managed to save about £200 and I haven't touched it”.

Loans were mentioned but were not seen as the most important service required, it was the importance of savings that predominated the discussion. One participant however did note how the credit union had helped her with access to a loan:

“To get low interest loans as at the time I was not eligible to get one from the bank. It was a big help.”

A key issue to surface strongly was sending money to family members in prison and the cost of Postal Orders, reflected in this question from one of the participants

“In Wakefield, where they are offering [credit union accounts to people in prison]... can the prisoners put money in and draw money out? I was just thinking about the postal order thing and how expensive that is. If you could put money in then it would save quite a lot of money”.

“We certainly need something because postal orders are really just so expensive and have just gone up from 10% to 15% so if you send in a £30 postal order it’s then another £3 or £4 pounds extra.”

“I am sending to two people so you can imagine what it is costing. £25 per week plus the additional 15% of the cost of that order and that is on each one so that is twice the cost. I am spending about £8 per week that I don’t really have to spend and the only person benefitting is the post office, not me, not the prisoners, nobody.”

There was a strong recognition of the benefits of credit unions for people in and leaving prison, particularly in relation to the encouragement of their saving for release.

“I think it would be really good if prisoners got into the savings habit because they would not have had responsibility in prison not handling physical money”

“I do think there should be an incentive for prisoners to save with credit unions and maybe that money could be matched if they are saving whilst they are working in prison, then they would match a little bit for their rent deposit.”

There was a strong focus on having greater information available about credit unions and their link with the criminal justice system. One participant was entirely unaware that she was a member of a credit union. She had joined a savings scheme hosted by a voluntary sector organisation (NEPACS) at the visitor’s centre for HMP Low Newton where her young daughter was being held.

“We’ve got a savings thing at Low Newton but I didn’t know it was a credit union. I’ve been saving for my daughter. I never knew it was a credit union.... I say to friends I am saving at Low Newton but I don’t say the word credit union. I say I am saving through Low Newton.”

Though membership of the credit union had obviously brought benefits to the participant, her remarks suggested that she may not have made a fully informed choice. Though this was benign in this situation, it does illustrate the potential vulnerability of some family members in relation to financial products and services. A lack of clear information was limiting the value of the provision to her as she was unaware that she was a member of Prince Bishop’s Credit Union which she could have accessed through its 10 collection points across Durham.

The quality and quantity of information provided was also linked by participants to the development of trust in credit unions as stable financial institutions. Hearing
about a credit union in a prison or at a visitors centre, did not necessarily create a link in the minds of family members with the wider operation of the credit union in the community. The perception was sometimes that it was just a savings scheme in a prison or visitor's centre.

Participants also raised concerns about how their experience of prisons as a national system would fit with the localism of credit unions.

“If you are held in Manchester and have a credit union account there and then upon release go back to living in Bristol then you are not going to be able to use the account like a bank account are you because you are somewhere else”.

On this specific issue, services offered by banks were perceived to have an advantage.

“You can do that with a bank. Transfer from one branch to another branch…Can you do that with a credit union. Transfer from one credit union to another? “

This illustrated strongly the need for the need of more effective and collaborative credit union systems.

Family members were also asked whether credit unions, prisons and probation seeking to work together more in the future were a good idea. They unanimously felt that it was a good and even "powerful" idea."

“It's a good idea if they can all work together. That's what will hold it together. Communication is the key. Everyone around the table things it is a brilliant idea, let's just get it done now.”

When asked to choose, the group favoured people in prison and family members joining mainstream credit unions rather than joining a single credit union created specifically for the whole of the prison system. The latter might smooth account transfers between prison locations, or after release, but it would not enable people leaving prison, and their families, to participate in an inclusive, community based financial institution.

The Prince Bishops Community Bank and Prison Visitors’ Centres

The Prince Bishops Community Bank (PBCB) is a credit union that serves all who live or work in County Durham. Since 2011, it has pioneered the delivery of credit union financial services in two prison visitors’ centres, one at HMP Frankland, a category A and B male prison for people serving 4 years and over, and the other at HMP Low Newton, an open female prison.

This initial intervention was made by the manager of PBCB who had visited the centres and had spoken to some of the visiting family members. She was aware of the financial difficulties often experienced by the families of prisoners and their concerns too about supporting imprisoned family members on release. She found a real interest among some of the visitors she met to join and to be involved in a credit union.

These visits were following up by an approach to the North East Prison After Care Society (NEPACS), the charitable organisation that has responsibility for the visitors’ centres at the two prisons. NEPACS aims to “build bridges for prisoners, their families and the community” and was keen to support the establishment of credit union collection points in the centres.

The collection points were set up with the support of volunteers who were already volunteers in the visitors’ centres. The focus was on attracting family members into membership, most of whom joined in order to save for the release of the person they were visiting. As most people were from the County Durham area, there was
no problem in their meeting the common bond requirements. In the few cases where the family member came from further afield, and outside the County Durham common bond area, they were still allowed to join on the grounds that they were visiting someone who currently lived in the common bond area (i.e. in the prison). This was an arrangement that only applied to a few people; the FSA were informed of the situation.

Since opening the collections points, 20 family members joined at HMP Frankland and 26 at HMP Low Newton. Clearly the numbers are relatively low, but for those people that have joined; the credit union has proved to be an important and valuable asset. Particularly at HMP Low Newton, the women’s prison, family members generally save so that the person in prison is supported in order to resettle after release. One member was reported as saving for someone currently in the early days of a ten years sentence.

Of course, family members have access to the full range of the financial products and services offered by PBCB. There have been a number of cases, for example, of family members borrowing from the credit union to assist them with some financial need or get over a financial difficulty.

Given increased resources, the credit union could do more to support the development of financial services at the centres. Staffing the collection points with volunteers is always an issue, which has led to some interruption of the service at HMP Frankland. However, up to now, the service at HMP Low Newton has been preserved. The credit union would like also to offer savings accounts to people inside prison to complement the activity outside the prison gate. However, as yet, this has not yet been brought to fruition. Lack of resources both in the prison and at the credit union is clearly an issue here.

Serving employees in the criminal justice system

Of the 13 credit union respondents with established links with prisons, only 8 answered the question on the promotion of credit union products and services to staff working with offenders / ex-offenders as a result of the link.

All eight credit unions promoted savings accounts and loans to staff, and two offered the credit union current account. But take-up was poor - only three respondents recorded any take up and this was less than 20 savings accounts and 20 loans. The remainder did not reach any staff members nor had no data to share. Only one credit union recorded take up a current account by someone working in the criminal justice system, the exact number was not recorded but less than 20.

In general take up among people working in the criminal justice system is a lot lower than credit unions expected. Only one person said it was roughly as expected, nobody higher than expected and the remainder lower than expected or not recorded.
7 Implications for practice and policy

Integrating the policy framework

Social Justice Strategy

In March 2012, the Secretary of State for Work and Pensions published Social Justice: transforming lives. It brought together a number of policy strands including reducing re-offending, financial exclusion and problem debt, into a “vision for those who do not have a foot on the first rung – our vision for the most disadvantaged individuals and families.” It accepted that the Government had a “duty to offer a way out” when people’s lives go wrong, whether as a result of addiction, problem debt, homelessness or other issues. The principles established in the paper touch on the partnerships identified in this report: prevention and early intervention; second chances and independence; promoting work as the most sustainable route out of poverty; innovative, results-focused delivery designed and delivered at a local level; and providing a fair deal for the taxpayer. Many of these commitments act as clear policy drivers for credit unions and criminal justice agencies to collaborate.

Work

Employment on release is critical to reducing re-offending and is estimated to reduce the risk of re-offending by between 33 per cent and 50 per cent. However, a lack of skills and the stigma of a conviction create significant barriers in securing employment.

Key policy responses have included:

- ‘Day one mandating’ to the Work Programme for prison leavers claiming Job Seekers Allowance (JSA)
- The expansion of industrial work in prison through ‘One3One Solutions’
- Release on temporary license (ROTL) for employment outside the prison
- NOMS ESF CFO employment and skills provision in the community.

Significant progress has been made through the Unlocking Banking initiative through which major banks open basic accounts for people in prison. However, many prisons struggle to offer the service to all those who need it due to their own resources and restrictions in bank processes. Approximately 15 prisons remain without a bank relationship. It remains very difficult for many people under probation supervision to open an account due to difficulties with ID. Credit unions can support these policies by providing accounts into which wages can be paid. They can also complement government initiatives such as New Enterprise Allowance by providing affordable credit to develop small businesses.

Welfare

The Data Linkage Project conducted by the Department for Work and Pensions (DWP) and Ministry of Justice (MoJ) found 26 per cent of the 4.9 million open claims for out-of-work benefits were made by people who had offended in the last ten years (MoJ and DWP 2011). In 2010-11, only 26 per cent of prisoners entered

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employment on release from prison\textsuperscript{10}. Day one mandating to the Work Programme combined with ‘payment on account’ under Universal Credit (UC), could mitigate the ‘finance gap’ on release. However, UC will require people leaving prison to have the skills to manage a monthly income. Credit unions are experienced in providing services for people on low incomes and are developing advanced products to support people in the transition to UC.

**Housing**

From April 2013, Crisis Loans and Community Care grants will be abolished. Funding is being provided for a new unring fenced local provision. Though it was never their purpose, these funds have become the de-facto source for housing deposits for people leaving prison, with prisons applying for them as a matter of course. The Government’s stated goal of increasing the range of housing that offenders are able to access on release from prison (including improving access to private rented housing) therefore seems challenging. However, many credit unions already work with Housing Associations to support people with their tenancy. Examples of credit unions enabling payments towards rent arrears while in custody, providing affordable credit for rent deposits and establishing Rent Direct payments in the community, illustrate how accommodation outcomes for people in the criminal justice system could be supported directly.

**Money and Debt**

A holistic approach to money is vital to reducing re-offending. To be effective in the long term, policy must address not only access to accounts and income but financial capability, debt relief, illegal money lending, payday lending and the development of a savings culture (Bath and Edgar 2010). Credit unions can help people develop independence by meeting the savings needs of long term prisoners, supporting loan repayment and providing affordable credit to people on release. In the community, credit unions are often well integrated with complementary services such as free financial capability training and debt relief.

**Saving**

The engagement of credit unions in the criminal justice system, as this study has shown, has primarily focused on enabling people to save. Certainly, in many cases, it has also concerned the provision of current accounts, financial education or money advice. But overall, the distinctive nature of credit union partnership working with prisons, probation services and other agencies in the criminal justice system has concerned enabling people to save. No other financial institution, as far as is known, has promoted saving in the criminal justice system in the same way.

For policy makers concerned with resettlement encouraging saving has an important role to play. The focus on using savings accounts in prison has not just been about enabling people to amass funds for release but equally the promotion of the social and psychological benefits of saving even small amounts. These benefits impact on long-term thinking, on planning for the future and arguably on supporting resettlement in the community (Sherraden, 1991).

**Attitudes, family and identity**

Saving can also have positive psychological and social outcomes for people in the criminal justice system,

\textsuperscript{10} Table 24, in Ministry of Justice (2011)
including greater long-term thinking, better planning for the future and increased participation in the community (Sherraden 2003). This study also found evidence that saving with a credit union in prison supported critical family connections by enabling purchases such as children’s birthday gifts. The MoJ’s piloting of family based support workers has resonance with the way some credit unions began working with criminal justice agencies through recognition of the needs of family members. People in prison often rely on families to support them financially, though families themselves have often been left in desperate poverty. This effect is compounded by the current requirement upon families to use expensive postal orders to transfer money. There is potential for prisons and credit unions to develop more cost effective methods of transfer, relieving pressure on families.

The MoJ has paid increasing attention to desistance theory, which highlights the importance of social identity in the process of desisting from crime. The evidence in this report suggests that there may be psychosocial value in being welcomed as member of a community based financial organisation while in prison, particularly where that relationship is maintained through the gate. From a policy perspective, existing partnerships are more reflective of a community in-reach approach, rather than a fully integrated commissioned service. For example, credit unions do not tend to ‘flag’ members as having joined in prison, they are treated the same as any other member. While becoming an integrated part of the system would bring benefits (sustainability, data-sharing, outcomes tracking) it has the potential to reduce the emotional connection and sense of community.

**Markets and Localism**

The Secretary of State for Justice has reinforced policies set out in the green paper *Breaking the Cycle* (Ministry of Justice 2010), announcing the Government’s intention to see “payment by results spread right across rehabilitation by the end of 2015” in order to “open up the provision of post-prison services to a whole host of new participants” because “it’s time to make sure we use all of the expertise that is out there to help drive the improvements we need.”

HM Treasury’s draft *Financial Services (Banking Reform) Bill* encourages greater competition in retail banking (HMT 2012b). The DWP concluded a “potential consumer market of at least seven million working age adults exists for the services credit unions could deliver… but their operating costs are relatively high and they are not financially sustainable at present” (DWP 2012).

Existing credit union and criminal justice agency partnerships have typically not developed within a market framework. A commissioned relationship could increase sustainability and potential for expansion. However, credit unions are likely to share the same issues as other small community organisations when engaging with commissioning; lack of contacts, lack of understanding and significant cultural differences. They would have to evidence impact on re-offending or employment, and achieve operating costs that allow them to offer value for money when operating sustainably.

Although credit unions are local organisations per se, taking a purely local approach has implications. The National Offender Management Service (NOMS) has dismantled its regional presence to move to a centralised model (Ministry of
Justice 2012). Prisons vary hugely in the extent to which they hold people from their local area. Local partnerships are really only a viable solution where they and hold people from the local community and are within the common bond of a willing and capable credit union. The MoJ has recognised the “vital role that probation plays in making local partnerships work effectively” as a “partner to a range of other agencies outside the Criminal Justice System, whose work is vital to reducing reoffending”, such as credit unions (Ministry of Justice 2012b). However, the number of probation areas is set to be reduced from 35 to between six and 10, with multiple credit unions within them. In theory, commissioning could occur through NOMS nationally, Probation Trusts regionally, county-wide Police and Crime Commissioners and at the local level through Integrated Offender Management.

Similarly, with £38m of DWP support, credit unions are developing centralised core functions and technology to enhance sustainability, cost-effectiveness and capacity. This has the potential to improve access to accounts for people who resettle far away from the prison they are leaving. The Legislative Reform Order’s (LRO) removal of the 10 per cent cap on credit unions in regard to non-qualifying members enables people who join while in prison to stay a member even if they resettle elsewhere (ABCUL 2012). The new ‘field of membership test’ means credit unions are able to open up membership to new groups, even where members live outside their geographical area. This has already been utilised by Camden Credit Union, who (in theory) could open its membership to all 40,000 service users of London Probation Trust.\(^\text{11}\)

In this way, the Credit Union Expansion Project could provide a platform to meet the needs of the criminal justice system. However, credit unions need to take care to balance their mission to serve the needs of socially excluded groups with the requirement to achieve economic sustainability. This does sometimes create tensions for credit unions if they undertake activities which are a net cost to the business.

No matter how appealing a purely local approach might be, it would require: prisons that hold people close to home, a clear local co-ordinator for criminal justice, and ubiquitous substantial credit unions. Localism is at the roots of the credit union movement and the Government’s Justice rhetoric. However, regional or even national commissioning of credit union services is a better fit with Government policy.

Enhancing partnership working

The prevalence of partnerships between credit unions and criminal justice agencies in England and Wales is currently relatively limited. Prison partnerships have been developing since around 2006, though most are much more recent. Partnerships with probation have hardly begun. Yet there is clear evidence of potential value and of a willingness to do more. The extent to which this potential is unlocked will depend upon a number of key factors.

Funding

Under normal circumstances, it costs a credit union approximately £25 to set up an account. Revenue is typically received through a small opening fee (e.g. £5), a

\(^{11}\) http://www.london-probation.org.uk/about_us.aspx [accessed November 2012]
low weekly charge on current accounts (e.g. £1) and earning interest on loan balances and deposited funds. For people on probation, this model may still function, but not for people in prison.

In existing prison partnerships, the costs of service delivery are absorbed into existing budgets through the allocation of Jobcentre Plus benefits advisors, prison resettlement officers and credit union staff. In fact, in a prison, higher operating costs are generated by requirements such as transaction monitoring, money transfers passing through the prison’s account and prison transfers.

In terms of revenue opportunities, taken as a whole, the financial power of people in prison represents a substantial market. The prison canteen system, excluding catalogue orders, turns over around £43,000,000 a year and the Prison Service holds over £10,000,000 of private money at any one time (MoJ 2009). This money currently forms part of the central Prison Service’s imprest account. In order to avoid fees associated with the highly complex nature of the Prison Service’s banking requirements neither the Prison Service or the owners of the money receive interest from NatWest bank (MoJ 2009). For those credit unions that are cash-poor, there is an opportunity to derive a business benefit from deposits (which can be lent on in the community) while offering a financial benefit to the saver.

However, in general, revenue opportunities for credit unions are very low. During a prison sentence the ability of individuals to pay is extremely limited and accounts that required a fee would be unattractive to those who are in greatest need. People in prison employed “in pursuance of prison rules” are exempt from the National Minimum Wage Act 1998. The minimum employed rate is £4 per week and the average rate was last estimated in 2007 at £9.60 per week.13 Even where wages are higher and minimum deposits have been set (e.g. Wakefield’s £5 a month out of a possible weekly income of £14.47), generation of revenue for the credit union from savings is low. Approximately 500 people (0.6% of people in prison) must be paid market rates because they work for employers outside the prison, doing work that is not voluntary or charitable. However, due to the implementation of the Prisoners Earnings Act, they have 40% deducted from their wages after tax and national insurance, reducing their ability to save. Due to their lack of income, fees are not normally levied on people in prison and their ability to save substantial amounts is limited. People in prison are not allowed to borrow money. Credit unions may not even be able to rely on future custom after release to recoup their losses, due to people being released out of area.

It is clear that the partnerships which have developed so far have relied on informal partnership, positive interpersonal relationships, trust and shared protocols, rather than commissioning and service level agreements. However, while larger credit unions with small prison projects may be sustainable at their current level, there is some evidence that the ‘civic duty’ motivation of some credit unions is resulting in commercial naivety in providing services free or below cost. Delivering services in prisons is certainly not generating income. While criminal justice agencies could advantage themselves in the short run, under-resourcing is currently preventing the

12 http://www.insidetime.org/articleview.asp?a=1269&c=prison_canteen__how_it_works

13 Hansard HL, 20 October 2010 cWA184
development of new partnerships and the ability of existing ones to meet need or even survive. This raises the need for review of the true costs and how they should be shared between the criminal justice agency, the credit union and the individual. On current evidence, relationships between prisons and credit unions appear unsustainable without additional funding.

There is an obvious policy fit with commissioning and increasing the diversity of post-prison service providers. Like most small non-profit organisations, credit unions are unable to accept large contracts on a ‘payment by results’ basis. However, they could consider joining consortia bids as a small part of a larger service, such as getting people into employment. These bids would likely be led by large private sector companies that are able to take the financial risks, while guaranteeing to pay the credit union for services rather than outcomes. Alternatively, credit unions could seek to develop directly funded relationships with individual prisons and probation trusts. In 2011/12, local prison establishment budgets (excluding regional and national budgets) totalled £1,877,400,000 (MoJ 2011) and Governors do have some discretionary elements.

However, this must be taken in light of the fact that, notwithstanding the encouragement of commissioning, the Secretary of State for Justice has said, “We have to focus on making the prison system cheaper not smaller.”

Increasing awareness

In order to make an assessment of their desire, or indeed ability, to deliver services to people in the criminal justice system, credit unions need to be made aware of their needs. They need to be aware of the constraints generated by the way criminal justice agencies operate. Potential partners, both credit unions and criminal justice agencies, must also become aware of each other. Some level of national co-ordination, such as single points of contact within NOMS and an industry body, would assist the flow of information and the matching of partners. This would reduce the costs of partnership development by preventing the need to ‘reinvent the wheel’ at a local level.

Understanding purpose

Credit unions have a strong mission to serve financial excluded people on a sustainable basis. For criminal justice agencies, the motivation is very practical – often access to benefits and work. Community organisation often find it difficult to penetrate and engage with prisons but this has been quicker and smoother where credit unions emphasise their ability to support the criminal justice agency’s goals (rather than their own mission). However, criminal justice agencies should recognise that credit unions are not banks but rather provide complementary services such as saving while in custody. Where they have engaged successfully, they have coalesced around reducing re-offending but respect remains for their respective goals.

Securing support

Successful partnerships require senior management support. In prisons, it is particularly important that all departments are fully committed. Finance, security and resettlement departments are all critical as they control access to a service which is dependent on their goodwill. Gaining the explicit support of the prison Governor or Director should be priority number one, in

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14 Rehabilitation revolution – the next steps, 20th November 2012, Chris Grayling
order to avoid wasting resources. The sharing of best practice could reduce anxieties around security issues and the capacity of credit unions to deliver. On the ground, effective partnerships rely on committed individual officers and staff. Where leadership of the ‘finance, benefit and debt’ pathway is strong, there is greater potential for effective partnerships.

**Developing protocols**

It can be challenging to establish bi-lateral or even multilateral protocols, procedures and systems. However, they have proven very important and are worth spending the time to get right. Barriers, both real and perceived, arising from Prison Service regulations, FSA regulations, communication issues, and resource concerns have all been overcome on the ground. Across busy Cat B locals (HMP Leeds), the High Security Estate (HMP Wakefield) and large prisons (HMP Lindholme), there is much more similarity than difference in protocols. For example, the acceptance of a prison address as a current address. This opens the way for nationally agreed standard operating procedures that would reduce the set up costs for new partnerships.

**Integration with other services**

Positive outcomes from credit union services are highly interdependent on other services, such as financial capability training, debt relief and benefits advice. However, other services are also critical – for example, the lack high quality services for drug users (on both sides of the gate) can render £800 of savings no more useful than a £46 discharge grant. Credit unions need to be part of wider strategic partnerships that operate through the gate, leveraging their existing local networks of social housing providers, money advice agencies, specialist projects and other credit unions. Around half of credit unions working with prisons are working with more than one, with a regional network in Yorkshire and Humberside mitigating the issue of people not being held in their closest prison.

**Member-driven product design**

Criminal justice is a unique environment which not traditionally served by financial services. People in the justice system are not homogenous, and there may be space for multiple products targeted at different segments. Some features may be of little value to some people in prison, and others vital. Engagement with members, and potential members, can assist credit unions to develop products that genuinely meet need, and contribute to reducing re-offending. There is an opportunity for criminal justice agencies, credit unions and people in prison to collaborate on the development of products and services which meet demand. Key questions could include: -

- How could usage of the account be improved while serving sentence?
- Does preventing withdrawals for families advantage or frustrate?
- Do people in prison need access to direct debit and standing orders?
- How can members be kept up to date with their balance?
- Would there be a greater take up of credit union current accounts if linked to a ‘Jam Jar’ function?
- Could greater freedom to withdraw and deposit money be given to some people in prison?
- Would members like the discharge grant paid into their account?
- Would some members like to commit in advance to limited withdrawals for a period after release (to prevent savings being spent poorly)?
- How should requests for credit by people who have just left prison be handled?
8 Conclusion

Credit unions provide a unique range of financial services that can increase financial inclusion while supporting policies to reduce re-offending including; NOMS ESF provision, work in prisons, day one mandating to the Work Programme, increased access to housing and a wide variety of ‘through the gate’ transitional support programmes. They can also support Universal Credit, savings culture development and providing simple financial products. Services can be made available to people in prison, in the community, and to their families. Credit unions’ expertise in savings and affordable credit for low income consumers complements existing initiatives in relation to access to banking. The key point of differentiation is the potential psychosocial benefits of becoming a member of a community-owned saving organisation.

Partnerships between credit unions, prisons and probation are currently at the innovation stage. Awareness and understanding of each party, and of the needs of people in the justice system, remains low. However, some have existed for more than five years and have developed extensive expertise. Sharing this best practice can increase awareness and reduce the initial investment required by newly formed partnerships.

It costs money to make credit union services available in prisons. Some credit unions may be focusing on their social mission at the expense of commercial sustainability. Criminal justice agencies are also under significant resource pressures. The extent to which they can absorb administrative costs associated with facilitating such services is under pressure. While large credit unions may be able to support the costs of relatively small volumes of members in prison, the current financial approach to partnerships (ignoring or absorbing costs) does not provide a platform for expansion. In some circumstances, is not sustainable even at current levels. People in prison are exempt from the National Minimum Wage and are paid very low wages. This prevents them from being able to pay for credit unions services themselves or from saving enough for the credit union to generate significant income from their deposits. Therefore, additional sources of funding are required for services in prison to be sustainable.

One route to sustainability would be for commissioners to contract with credit unions to deliver services, as currently being piloted by London Probation Trust and Camden Credit Union. This could happen at a national, regional, county or local level, through NOMS, probation trusts, prisons, Work Programme providers, NOMS ESF providers, Police and Crime Commissioners and/or Integrated Offender Management. It could be supported by the Ministry of Justice and Department for Work and Pensions co-commissioning infrastructure support and developing commissioning advice based on best practice.

Criminal justice agencies themselves could become members of credit unions and deposit some financial assets within them. They could also encourage staff to become members and establish payroll savings programmes. Though this would not generate revenue to cover the short term costs of delivery, it would represent genuine local partnership (rather than a simple commissioned relationship) and could offer the opportunity for increased provision with decreased per capita costs.
9 Recommendations

The following recommendations arise directly out of the findings of this research study and have been subject to consultation with research participants. However, they remain those of the authors alone. They are directed towards credit unions, prisons, probation and services in the community and the Government.

The aim of these recommendations is to strengthen partnership working between credit unions and the criminal justice system in order to offer people in and leaving prison, and who have served community sentences, access to financial services appropriate to their needs.

For Government

1. Explicitly recognise the potential practical and psychosocial value of credit unions in the ‘rehabilitation revolution’ and broader social policy. In particular, they have potential to support policies for; effective rehabilitation, work in prisons, Work Programme, Universal Credit, developing a savings culture and localism.

2. The Ministry of Justice and Department for Work and Pensions should seek to strengthen the links between credit unions and criminal justice agencies by providing national infrastructure support and disseminating commissioning advice based on best practice, including on co-commissioning at a regional/local level.

For credit unions

3. Consider how people within the criminal justice system can be included within the membership, in ways which support both their social and economic goals and those of existing members. Access to credit union products and services supports successful resettlement.

4. Develop awareness, knowledge and understanding of the specific financial needs of people in the criminal justice system. National credit union trade bodies, sector experts and experienced credit unions are well placed to assist with this.

5. Establish contact with prisons, probation services and other agencies in the sector and inform them of (a) the benefits of credit union membership for people in the criminal justice system and (b) how these benefits help those services to achieve their mission. Focus on the distinct identity as a local community financial institution that is able to meet the needs of people often marginalised from the mainstream banking sector.

6. Develop savings products that respond to the needs of people in the criminal justice system. Savings schemes in prison can have positive social and psychological effects. Within partnership arrangements, develop robust management processes and procedures. National credit union trade bodies, sector experts and experienced credit unions are well placed to assist with this.
8. Once engaged with criminal justice agencies, appoint a co-ordinator to maintain links with prisons and/or probation service leads. It is important to build and maintain quality relationships and communication channels and an essential resource commitment.

9. Highlight the particular financial needs of people in the criminal justice system within local financial inclusion forums and partnership initiatives with social housing providers.

10. Ensure that products and services meet the needs of the partners and families of those in the criminal justice system and that they are aware of them. This is best assured through close working with agencies and organisations working specifically in this sector.

11. Collaborate with other credit unions on the delivery of products and services to people in the criminal justice system. Develop shared procedures to support inter-credit union referrals for people moving out of common bond on release. The development of enhanced information technology systems would increase efficiency and effectiveness.

12. Plans to provide services should be rigorously and honestly costed. Terms agreed with criminal justice agencies and other commissioners or funders should ensure that initiatives have a neutral or positive effect on the sustainability of the credit union.

13. Consider how developing partnerships with credit unions could assist the prison in achieving its mission. Credit unions can: provide access to savings or current accounts for wages, benefits or other funds; help develop a culture of saving; provide a service ‘through the gate’ within the local community, and help people achieve financial security and stability.

14. Prioritise partnership development with credit unions that can demonstrate the organisational and product/service capacity to meet the needs of people in and leaving prison. Credit unions vary widely but an increasing number are now able to deliver a wide range of quality financial services to a wide range of members.

15. Once engaged with credit unions, provide a specific member of staff with the resources to act as co-ordinator to maintain links with their criminal justice lead. It is important to build and maintain high quality relationships and communication channels.

16. When developing the credit union partnership, integrate financial education and money and debt advice both inside and after release. For example, include credit union information within education provision and link into existing community money advice services.

17. Avoid inaccurately stereotyping credit unions as ‘for the poor’ or ‘for prisoners’. They are inclusive financial institutions which serve their members, who are drawn from a wide range of economic backgrounds. This fact underpins much of the social and psychological value for people leaving prison seeking a return to ‘normal’ society.

For prisons

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18. Consider how credit union membership could be used to benefit prison staff directly. For example, pay freezes and cost of living rises could be increasing levels of debt amongst staff which could in turn be detrimental to performance and security.

19. Share information across the prison system about the potential of credit unions to deliver financial services which assist low-income people on a pathway to financial stability and security.

20. Make information about credit unions widely available in visitors’ centres at prisons and, where resources allow, be delivered through credit union volunteers.

21. Work with credit unions to develop a cost effective process to allow partners and families to send money in to people in prison, replacing the expensive reliance on postal orders.

For probation and community-based organisations working in the criminal justice system

22. Consider how developing partnerships with credit unions could assist the organisation in achieving its mission. Credit unions can: provide access to savings or current accounts for wages, benefits or other funds; help develop of a culture of saving; provide affordable credit; provide a service ‘through the gate’ within the local community, and help people achieve financial security and stability.

23. Make information about credit unions widely available in probation offices and community centres and, where possible, enable volunteer-run credit union information or access points.

24. When developing the credit union partnership, integrate financial inclusion (e.g. financial education and money and debt advice) and digital inclusion (e.g. internet training) strategies. This will enable people in or leaving the criminal justice system, and/or their families, to make the most of the full range of products and services.

25. Work with credit unions to identify effective channels for the delivery of credit union information, products and services to partners and families of people in the criminal justice system. This could involve signposting to credit union information points or hosting them directly.

26. Consider directly commissioning a credit union to deliver services to clients, such as those in approved premises, to enable them to reintegrate more effectively.
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