

# An overview of the implementation of the Caravan Loan Initiative by Local Authorities

A Mapping exercise which highlights which local authorities do/do not provide caravan loans



## Introduction

The Housing (Traveller Accommodation) Act 1998<sup>1</sup> outlines the responsibilities of local authorities in the provision of Traveller specific accommodation to Travellers in the Republic of Ireland. Under this Act, local authorities are accountable for, amongst others:

- assessing needs of Travellers (in relation to accommodation),
- the development and implementation of accommodation programmes (TAPs),
- the management of local Traveller accommodation consultative committees (LTACCs),
- dealing with emergency situations (in relation to accessing reasonable accommodation) and
- for the provision of caravan loans.

In 2000, the Department of Environment set up what was known as the **Caravan Loan Initiative** which gave each local authority the sanction to apply for funding which would be used to provide caravan loans to Travellers living within their catchment area. At the time, a maximum of £5,000 was put on each loan, with this figure converting to €6,350 when the euro was introduced in 2002. Each local authority was responsible for the administration of these loans, which included the provision and repayments. Applicants applied directly to the Traveller section of the Housing department, usually through a Social Worker or Traveller Liaison.

### *Management of the Caravan Loan Initiative*

Local authorities are autonomous services and the maintenance of the loan funds was operated differently from service to service. Some services used the household budget scheme (HHB) which allowed for money to be deducted at source from the loan recipient's social welfare. However, loan recipients were able to cancel their HHB deduction at any stage and this issue has been raised (by local authorities) as a factor in why many loans were not repaid. Additionally, other local authorities allowed for loan recipients to pay back their loans when paying their rent through the post office or a Paypoint vendor using a rent card.

Over the last number of years, however, many local authorities have discontinued the provision of loans. The main reason being provided is due to defaults; it cost the local authority too much money. Additionally, there appears to be no sanctions put in place for local authorities who do not provide loans which make it easy for many to stop this service. Many who do not provide these loans appear to have no specific reasons and do not include them in their TAPs. Nonetheless, anecdotally we suspect the main reason behind the reduction in the number of local authorities providing these

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<sup>1</sup> <http://www.irishstatutebook.ie/eli/1998/act/33/enacted/en/html>

loans is due to past defaults. Additionally, it has often appeared that there was very little will on behalf of the local authority to recoup repayment; thus making the initiative fail.

### **Response of National Traveller MABS**

#### *Clann Credo loan guarantee scheme*

The Clann Credo funded loan guarantee scheme was the first initiative that National Traveller MABS spearheaded some years ago. Under this scheme, €40,000 was made available by Clann Credo to act as a revolving loan guarantee fund to support Travellers in accessing loans in the local credit union to purchase caravans or repair an existing caravan. Loan repayments for this scheme were made using the Lough Payment Scheme (see below for more details).

#### *Dublin City Council funded loan guarantee fund*

Due to a large number of defaults, the loans section in Dublin City Council made an internal decision to discontinue providing funding to this initiative. However, the Traveller Welfare Section in the Dublin City Council was acutely aware of the ongoing issues that Travellers have in accessing affordable credit to purchase a home. In response to this, National Traveller MABS, in partnership with Dublin City Council, Exchange House Traveller Service, Travact and the Social Inclusion unit in the HSE, developed a proposal to establish a loan guarantee fund. In 2007, the group was awarded €50,000 to fund this project from Dublin City Council.

The loans were provided through the local credit union, with the usual precursor of saving for a specified time before loan is granted. Loan deductions were made using the Lough Payment Scheme.

#### *Wicklow County Council funded loan guarantee fund*

Following on from the establishment of the Dublin City Council funded loan guarantee, Wicklow County Council expressed an interest to implement a similar fund as, due to defaults on their own caravan loan scheme, they were looking at discontinuing the provision of loans. €20,000 was assigned to this fund and both Arklow MABS and National Traveller MABS worked closely together to support people into their credit union. Loans were paid under this scheme using the Lough Payment Scheme. However, since 2015, Wicklow County Council has reinstated its loan scheme.

#### *The Lough Payment Scheme*

As mentioned above, the Lough Payment Scheme (LPS) played a vital role in allowing Travellers save and repay loans in their local credit union. In 1997, the Household Budget Scheme (HHB) was extended to include the **Lough Payment Scheme**<sup>2</sup>. The Lough Payment Scheme, jointly managed by Lough Credit Union and Cork MABS, was established to facilitate MABS clients nationwide to pay additional creditors other than the Local Authority and utility companies.

Deductions are taken at source and directed through the Lough Payment Scheme via the An Post HHB scheme to pay creditors. The facility is offered to MABS clients who would be classified as **financially excluded**<sup>3</sup> or vulnerable- for example, they may have health difficulties or they may be on such a low income that they struggle to hold on to money long enough to pay bills.

However, in recent times, the Social Welfare Act 2012 made changes to the creditors that can be paid under the HHB scheme. It requires An Post to have an agreement in place with all relevant creditors to make deductions from an individual's social welfare payment. Going forward deductions can **only** be made for the following creditors – local authority rent, ESB, Bord Gáis, Eircom and Airtricity. This change impacts on the current MABS arrangements with the Lough Credit Union and the Lough Payment Scheme.

While the HHB is still available to pay local authority rents and utilities, as of March 2014, the Department of Social Protection has notified MABS that the HHB deductions will be discontinued for any MABS client using the Lough Payment Scheme.

Because of this change, no more credit unions loans are being guaranteed by the three main stakeholders – Clann Credo, Dublin City Council and Wicklow County Council. However, as mentioned already above, Wicklow County Council has reinstated its own internal loan process.

#### *A Review of National Traveller MABS Supported Caravan Loan Guarantee Schemes*

In 2015, National Traveller MABS completed a comprehensive evaluation of the three aforementioned loan guarantee schemes. The report highlights the success of the schemes, due to two specific reasons – the schemes are 'set up in line with Jones' model for successful loan guarantee schemes' and secondly, the 'core elements of the scheme are clearly attractive to

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<sup>2</sup> Also known as **MABSlink** and **Cork MABS Household Budget**

<sup>3</sup> 'Financial exclusion is defined by the European Commission as "a process whereby people encounter difficulties accessing and/or using financial services or products in the mainstream market that are appropriate to their needs and enable them to lead a normal social life in the society in which they belong"

Travellers availing of loans through it' (Stamp S, 2015, pg22).<sup>4</sup> Copies of this report are available at [www.ntmabs.org](http://www.ntmabs.org).

### *Local Authorities and the provision of caravan loans*

National Traveller MABS has long held the opinion that all local authorities in the Republic of Ireland should be providing affordable and accessible caravan loans to Travellers. Many local authorities provide serviced halting sites to Travellers but do not provide access to credit to purchase a caravan. This leaves many in a situation where they have no viable route to legal and affordable credit; thus leading many to borrow from family members or illegal money lenders.

It is a disturbing trend, however, for local authorities not to draw down on the funding available to them in terms of Traveller accommodation provision<sup>5</sup>. In 2015, the following local authorities have drawn down no funding for Traveller accommodation - **Carlow, Cavan, Donegal, Dún Laoghaire-Rathdown, South Dublin, Galway City, Galway County, Laois, Leitrim, Louth, Mayo, Meath, Monaghan, Sligo and Wexford**<sup>6</sup>. Additionally, many local authorities had funding withdrawn due to the lack of spending. Over the last number of years, the provision of funding for Traveller specific accommodation has also radically been reduced, from €70 million in 2008 to a mere €4.3 million in 2015.

This report, however, looks specifically at the **provision of loans for caravans** and which local authorities remain to provide and those who do not.

As can be seen from the chart below<sup>7</sup>, 57% of local authorities do not provide loans, with a 36% providing and 7% providing on a 'case by case' basis.

Local Authority	Provision of Caravan Loans?
Carlow	Yes - case by case
Cavan	No
Clare	Yes
Cork	No

<sup>4</sup> <http://www.ntmabs.org/publications/policy/2015/a-review-of-national-traveller-mabs-supported-caravan-loan-guarantee-scheme.pdf> Stuart Stamp, 2015

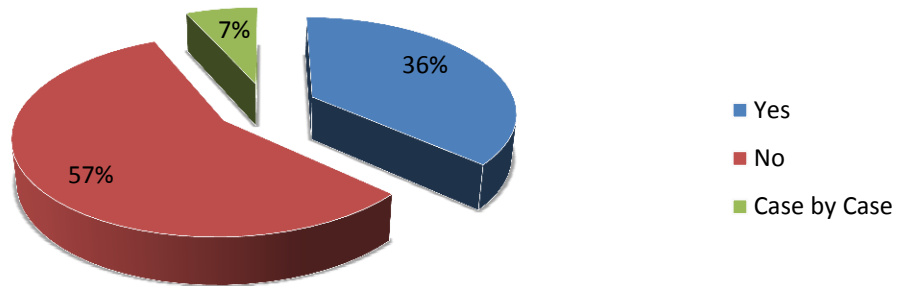
<sup>5</sup> Traveller specific accommodation includes not only caravan loans but the development and maintenance of halting sites, group housing schemes, housing grants

<sup>6</sup> <http://www.irishtimes.com/news/social-affairs/analysis-councils-must-do-more-for-travellers-after-fire-1.2387753> Kitty Holland, 12<sup>th</sup> October 2015

<sup>7</sup> This information was obtained by NTMABS by contacting each local authority through letter, email and phone calls.

Donegal	Occasionally, Yes
Dun Laoghaire Rathdown	No
Dublin City Council	No
Fingal	Yes
Galway	No
Kerry	No
Kildare	Yes
Kilkenny	Yes
Laois	No
Leitrim	Yes
Limerick	No
Longford	Yes
Louth	No - but individual cases will be considered
Mayo	No
Meath	No
Monaghan	No
Nth Tipperary	Yes
Offaly	No
Roscommon	No
Sligo	No
South Dublin County Council	No
South Tipp	Yes
Waterford	Yes
Westmeath	No
Wexford	No
Wicklow	Yes

## Provision of Caravan Loans



There also appears to be no consistency in keeping within the maximum cap of €6,350 for some local authorities. As can be seen from the chart below, four local authorities exceed the cap and four have set a rate lower than the €6,350.

Amount	No. of Local Authorities
€ 6,500.00	3
€ 6,350.00	3
€ 6,000.00	1
€ 7,500.00	1
€ 5,500.00	3
	11

There appears to be no sanctions in place for local authorities who do not provide these loans under the Caravan Loan Initiative 2000. Local and national Traveller organisations have been long calling for the government to ensure that adequate funding and commitment is given to Traveller specific accommodation. Sadly, this commitment has not been forthcoming and is only reinforced by the large reduction in funding to this area.

### *Recommendations*

National Traveller MABS calls on the Department of Environment, Community and Local Government to review the Caravan Loan Initiative and make recommendations where necessary.

National Traveller MABS calls on the Department of Environment, Community and Local Government ensure that all Local Authorities are adequately funded to provide caravan loans where needed for those in local authority halting site. As part of this recommendation, National Traveller MABS strongly urges local authorities to implement proper internal procedures in place which will lower default rates and support more loan recipients in repaying their loans.

National Traveller MABS calls on the Department of Social Protection to reverse its decision to discontinue the Lough Payment Scheme. This scheme can be vital in supporting people, where a local authority loan is not possible, to access credit through their Credit Union.