

Resources for Further Information

Social Landlords and Financial Inclusion:

'Credit where Credit's Due: A Report for the National Housing Federation.' Presents a case for social landlords supporting their tenants to access reasonably priced loans, and outlines a model for doing so. Available at www.housing.org.uk/Uploads/File/Policy%20briefings/CREDIT_WHERE_CREDIT'S_DUE_FINAL_060807.pdf

'Community Access to Money: Social Landlords Reaping the Benefits.' Very useful case study information on social landlords' engagement in financial inclusion activity. Available at www.housingcorp.gov.uk/upload/pdf/Reaping_the_benefits.pdf

'Life After Debt.' Report arguing the case for greater involvement of the social rented sector in the promotion of financial inclusion, and for more support to enable them to do so, with useful case studies. Available at: www.cih.org/policy/LifeAfterDebt.pdf

'Financial Inclusion- Good Practice Briefing Number 31.' Free hard copies setting out guidance for social landlords in promoting financial inclusion, available from the Chartered Institute of Housing at: www.cih.org/publications/briefings.htm.

'Partnerships for Financial Inclusion: Housing Associations and Financial Institutions.' Examines how social landlords can engage in partnership working to promote financial inclusion. Available at: www.epolitix.com/NR/rdonlyres/15CB2EAF-480C-44BE-8D7B-3BE22AF53ADB/0/chprleafflet.pdf

'Community Access to Money: Housing Associations Leading on Financial Inclusion.' Precursor to 'Reaping the Benefits' covering similar ground. Available at: www.housingcorp.gov.uk/upload/pdf/Community_Access_to_Money.pdf

Available from February 2008:

'Financial Inclusion in Social Housing- Policy and Practice Guide.' Comprehensive guide to best practice in social landlords' engagement in promoting financial inclusion with detailed case studies. Will be available from the NHF Bookshop at: www.housing.org.uk/OnlineStore/

Free 'Guide to Delivering Financial Capability Training for Social Housing Tenants.' A guide for those delivering training on financial capability issues to social housing tenants. Will be available at: www.housing.org.uk/default.aspx?tabid=288

Social landlords, Arrears Management and Tenancy Sustainment:

'Improving the Effectiveness of Rent Arrears Management: Good Practice Guidance' Highlights the importance of early intervention in tackling rent arrears, touching on the value of advice interventions. Available at: www.communities.gov.uk/publications/housing/improvingeffectiveness

'Sustainable Communities: Settled Homes, Changing Lives' Most recent strategy from the Government on homelessness prevention. Available at: www.communities.gov.uk/publications/housing/sustainablecommunitiessettled2

Government Financial Inclusion Documents and Resources:

'Financial Inclusion the Way Forward'. Update by HM Treasury on progress in delivering the UK Government's financial inclusion strategy. Available at: www.hm-treasury.gov.uk/media/7/B/financial_inclusion030407.pdf

'Promoting Financial Inclusion'. The 2004 Government Strategy for tackling financial exclusion published alongside the 2004 pre budget report. Available at: www.hm-treasury.gov.uk/media/A/0/pbr04_profininc_complete_394.pdf

Other Financial Inclusion Documents:

'In Brief: Financial Capability.' and **'In Brief: Financial Exclusion.'** Short briefings from Transact and the Resolution Foundation on financial capability and financial exclusion at www.resolutionfoundation.org/research_briefings.html

Useful Financial Inclusion

Websites: Representative Bodies/ Forums:

Transact, the national forum for financial Inclusion. www.transact.org.uk.

Association of British Credit Unions, the representative body for credit unions. www.abcul.org.

Citizens Advice, the representative body for CABx in England. www.citizensadvice.org.uk/

Community Development Finance Association, the representative body for CDFIs www.cdfa.org.uk

Money Advice Trust, representative body for the independent money advice sector. www.moneyadvice-trust.org/

Government Bodies/ Reviews:

Department of Work and Pensions. Statistics about benefit take up rates nationally and the take up of benefits across the UK. www.dwp.gov.uk/asd/income_analysis/sept_2007/0506_Summary.pdf
<http://www.dwp.gov.uk/asd/statistics.asp>

Financial Services Authority. The key body charged by the government with protecting the consumers of financial products and promoting financial capability. www.fsa.gov.uk

Now Let's Talk Money. Information on Government campaign to tackle financial exclusion, with lots of information for service users, and on joint initiatives with social landlords. www.nowletstalkmoney.com

Thoresen Review Website. Up to date information on the Government's review of how to increase access to financial advice, with a target group which will include many social housing tenants, and shared owners. www.hm-treasury.gov.uk/independent_reviews/thoresen_review/thoresenreview_index.cfm

Treasury Select Committee. Hard hitting reports relating to financial exclusion. www.parliament.uk/parliamentary_committees/treasury_committee.cfm

Academic Research:

Liverpool John Moores University Research Unit for Financial Exclusion. www.ljmu.ac.uk/HEA/financialinclusion/

Personal Finance Research Centre at Bristol University. www.pfrc.bris.ac.uk

Funding for Financial Inclusion Work:

Barclays Financial Inclusion Fund. www.barclays.com

HBOS Foundation. www.hbosfoundation.org.

Financial Services Authority Partnership Development Team. www.fsa.gov.uk/financial_capability/innovation

Lloyds TSB Foundation. www.lloydstsbfoundation.org.uk

Tudor Trust. www.tudortrust.org.uk



Toynbee Hall
Learning from local action
developing national solutions

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Toynbee Hall

Learning from local action
developing national solutions

the national forum for financial inclusion
transact

Making the Link: Engaging Social Landlords in Financial Inclusion

Introduction

The social housing sector has a long history of tackling poverty and financial exclusion amongst its tenants and the majority of social landlords are currently involved in some form of work on these issues.

Some of this work is innovative and of a high quality. However, there is considerable variation in the extent of social landlords' involvement. Consequently, there is a real disparity in the range of services to which social tenants will have access. Much of the best practice in the field is characterised by initiatives that are ad hoc, time limited and driven by key individuals rather than whole organisations. In addition some remain relatively small scale, despite their success.

This brochure aims to increase the engagement of the social housing sector in financial inclusion. It makes the social, business and organisational cases for social landlords getting involved, highlights where progress can be made, and suggests practical ways in which landlords can work with others to make the link between their tenants and financial inclusion. It is aimed not only at social landlords but also financial inclusion policy makers and practitioners, who stand to gain from engaging social landlords in their work.

The brochure has been produced by the Transact Financial Inclusion, Capability and Housing Partnership Group, and is funded by the Financial Services Authority under its National Strategy for Financial Capability. The partners in that Group are: the Change Partnership; the Chartered Institute of Housing; the National Federation of Arms Length Management Organisations (ALMOs); the Housing Corporation; the Local Government Association; and the National Housing Federation. Transact is an initiative of Toynbee Hall.



Transact created this publication and the FSA paid for this work as part of the National Strategy for Financial Capability.



www.transact.org.uk

The partners have agreed the following statement:

The partners believe that the involvement of social landlords is essential for financial inclusion policy makers and practitioners from all sectors to deliver their objectives. They also believe that, due to the high concentrations of financially excluded people in the social rented sector and their specific relationship with them, social landlords are in a strong position to reach those that their partner agencies may struggle to engage.

The partners now call upon social housing providers to scale up their involvement in promoting financial inclusion, to take a more strategic approach, and to bring extra financial and human resources to the task, based on the sound social and business cases for doing so outlined below. In particular they should consider:

- Expanding the range of financial inclusion work in which they are engaged.
- Developing their role as 'trusted intermediaries', making the link for their tenants to financial inclusion.
- Intervening early with those most at risk of financial exclusion and its consequences.
- Building engagement in the promotion of financial inclusion into their business planning processes, and engaging with partnerships promoting financial inclusion.
- Where appropriate, using their status as 'community anchors' to play a leading role in hosting or driving forward projects and partnerships for financial inclusion.

The partners call upon colleagues from the statutory, private and third sectors to help social landlords fulfil their potential role in the promotion of financial inclusion by:

- Recognising the importance of the potential contribution of the social housing sector to their work.
- Matching the social housing sector's commitment of financial and human resources.
- Providing appropriate financial and organisational development support to the social housing sector, so that the costs involved in spreading good practice and exploring new areas of work can be shared.
- Working with the sector to develop and provide appropriate products and services for its tenants.

The Sector's Current Engagement in Financial Inclusion

Promoting financial inclusion encompasses efforts to reduce poverty and reduce financial stress by: increasing benefit income; reducing levels of debt; providing better access to financial products; and increasing financial capability, i.e. the skills, knowledge, confidence and motivation to manage finances in the short and long term.

Historically, social landlords' engagement with poverty and financial exclusion issues tended to focus on the provision of, or referral to, welfare rights and money advice services. More recently, the sector has begun to work with private and third sector providers of financial services. For example, some social landlords have offered affordable contents insurance to their tenants, or helped Credit Unions and Community Development Finance Initiatives (CDFIs) develop new loan and savings products. Often they have simply worked to promote these products to their tenants.

More recently still, social landlords have begun to turn their attention to building financial capability amongst tenants. Some have recognised the need to support tenants both with basic financial tasks, such as budgeting, and help them make the right financial decisions in the longer term. They have provided or commissioned one-to-one or group based support, often linked to broader services for vulnerable people.

The Case for More Involvement

Many social landlords, have already chosen to focus efforts on reducing poverty and financial exclusion amongst the tenants and communities they serve. This choice reflects both their commitment to improve the lives of their tenants and communities and their commitment to greater organisational cost efficiency and effectiveness.

Tenants in social housing are disproportionately affected by financial exclusion and it is estimated that they make up around 60% of all the financially excluded. According to National Housing Federation 2007 figures:

- Nearly one in six social-rented tenants have no bank account, twice as high a proportion as the rest of the population.
- 81% have no savings account.
- 91% have no insurance cover.

The cumulative impact of exclusion is that the communities social landlords serve are losing millions of pounds through high loan interest charges and underclaiming of benefits. Lower levels of money circulating around a community reduces the quality of local private sector services and levels of employment as well as exacerbating the social stresses resulting from poverty.

Social landlords are in a position to make a major contribution to the promotion of financial inclusion. As 'trusted intermediaries' they can make the link to financial inclusion for those that others find hard to reach. As 'community anchors' and large social enterprises at the heart of the communities they serve they can facilitate and drive financial inclusion partnerships and projects.

Financial inclusion work can help social landlords become more cost efficient:

- Rent arrears are often associated with a household having wider debts.
- Court actions and evictions, the vast majority of which are on the grounds of rent arrears, are expensive for landlords.
- Tenancy abandonment is often associated with financial stress, and abandoning tenants often leave behind arrears that risk turning into un-collectable debt.
- Dealing with tenants in crisis is much more time consuming than investing in early intervention.

Financial inclusion work can assist organisational effectiveness:

- Social landlords constantly deal with the wider consequences of poverty.
- Frontline staff can be demoralised by conflict with tenants, and constantly dealing with them in crisis.
- Financial inclusion interventions can increase the skills and motivation of staff, improving recruitment and retention.
- Developing financial inclusion work can improve responses to arrears, evictions and tenancy turnover.
- It can support the delivery of related initiatives to increase employability, enterprise development and tenant participation.

A companion brochure provides more detail on these financial and organisational cases for social landlords promoting financial inclusion.

Expanding the Role of the Social Housing Sector

Expanding the role of housing providers in promoting financial inclusion will involve social landlords developing a more strategic approach by:

- 1 Expanding the range of activities in which they are involved.
- 2 Fulfilling their potential as trusted intermediaries by working across their organisation to reach tenants at risk of experiencing financial exclusion and its consequences.
- 3 Embedding financial inclusion work in their business planning processes.
- 4 Working in partnership with other social landlords, and with other agencies with a focus on financial inclusion, whether from the public, private or third sectors.

1) Expanding the Range of Activities

Promoting financial inclusion is most likely to be successful where a comprehensive approach is taken.

- Benefit maximisation is a straightforward way of tackling tenant poverty. Many tenants will, however, already be claiming their full entitlement, and benefits advice will not assist them to deal with any debts they have, reduce their household outgoings, or give them greater control over their money.
- Tackling problematic debt is a critical step back to financial health, but only if it is accompanied by improved access to the right financial products, or strengthening of financial capability.
- A tenant may understand the need to seek more appropriate financial products, such as a Credit Union or CDFI loan, but without access to such products, they may be left with more expensive products, such as home credit, as their only option. Without strengthening tenants' financial capability their ability to understand and make informed choices is not improved.

Benefiting from a Comprehensive Financial Inclusion Strategy

In 2000 **Broomleigh Housing Association*** decided that, at six per cent, its levels of rent arrears had become a major problem. The association was also evicting five people per week, and commencing 2000 court actions every year.

Broomleigh's four fold response involved:

- The development of a welfare rights service.
- The active referral of tenants to local banks and building societies to encourage take up of mainstream financial products.
- Part funding of an officer at a local CAB to receive referrals where tenants have complex debt issues.
- Offering cheap home contents insurance to all tenants.

This response has been successful. In 2006 rent arrears were half of their previous level at three per cent, evictions were down to under one per week, and court actions were one third of their previous level at 675 per year.

* Case studies marked thus are taken from the forthcoming National Housing Federation publication: 'Financial Inclusion in Social Housing - Policy and Practice Guide, produced by Community Finance Solutions.' (See Resources Section below)

2) 'Trusted Intermediaries' and Early Intervention

Social landlords are often described as 'trusted intermediaries', due to their relationship with tenants and the management information they hold. This allows them to develop a whole organisation response aimed at reaching those tenants most at risk of experiencing financial exclusion and its consequences.

Most simply, social landlords can use the tenant contact information they hold to promote financial inclusion services through such things as newsletters and mail-shots. With the appropriate permissions, more detailed information, for example in relation to age and support needs, can facilitate more targeted promotion.

Given that people are often reluctant to seek help for debt problems until they reach crisis point, social landlords will, through rent accounts, generally know before any other public agency that a tenant is experiencing financial difficulties. Building effective arrears response procedures linking tenants to financial inclusion services enables social landlords to be an effective first line of defence for their tenants against problematic debt.

Social landlords have numerous opportunities for face-to-face interaction with tenants, often at key points in their housing careers. For example, by implementing effective sign up and new tenant visit procedures, they can ensure the wide communication of messages about financial inclusion, and, particularly in the latter case, the identification and appropriate referral of those in need of support or advice.

Many social landlords are involved in a variety of activities that go beyond core housing services. Activities as diverse as providing support to vulnerable young tenants, and delivering training and employment programmes, provide ideal opportunities for the delivery of financial inclusion and capability interventions.



ALMOs Delivering Early Intervention

Golden Gates Housing, the ALMO in Warrington, funded their Right Start Initiative through the Transact/RBS Innovate Fund. This successfully targeted the problem of rent arrears and tenancy abandonment amongst new tenants by providing financial and benefit health checks, support and advice in relation to budgeting, and referral to other services provided by Golden Gates and its partners.

Derby Homes* has sought to create an integrated approach to the management of customer debt.

- Quick contact is made with tenants when they are found to be in arrears.
- Tenants are offered flexible ways of repaying arrears, and referral to the local council's advice service.
- Decisions to proceed with a court action are taken by a panel with representation from this advice service, and are only taken once offers of help have proved unsuccessful.

As a result, evictions, court actions and arrears levels have all fallen.

3) Embedding Financial Inclusion Work in Business Planning

Even where social landlords are committed to promoting financial inclusion, their engagement can sometimes appear an add-on to core activities. Building financial inclusion objectives and activities into business planning puts them at the heart of what the organisation seeks to deliver.

Business planning processes, such as the following, present particular opportunities for doing this:

- Organisational reviews focusing on rent arrears, evictions and tenancy turnover.
- Stock transfers, where engagement in the provision of new financial inclusion services distinguishes the new landlord from the old in the minds of tenants and staff.
- Stock rationalisation allows the concentration of effort in communities where the landlord has critical mass.
- Joining a group structure allows resources to be pooled to tackle financial exclusion.
- Refinancing, or reviewing the provision of banking services, may enable social landlords to negotiate with their banking suitors for support for new financial inclusion initiatives.

Negotiating for Financial Inclusion

In 2007 **Amicus Horizon Group*** announced a £600m refinancing deal through Barclays Bank. The deal included Barclays part financing two 'community finance champions', who aim to help 3,000 tenants to open basic bank accounts with Barclays.

4) Working in Partnership with Other Social Landlords and Agencies

Engagement with financial inclusion requires social landlords to work in partnership with others.

Social landlords are often the largest and most stable social enterprises in their area. Where they have this role as a 'community anchor', or where other agencies have not taken forward the financial inclusion agenda, social landlords can take up a central role, driving projects and partnerships.

In other situations, the main requirement of social landlords will be that they are open to approaches from partners working to promote financial inclusion, and are ready to support such work.

Working in partnership enables social landlords to:

- Spread the financial and organisational burden of delivery amongst a range of agencies.
- Benefit from the expertise of partner organisations.
- Focus on what they are good at, particularly playing the role of a trusted intermediary making the link for tenants to financial inclusion.
- Fulfil their duty to work with local authorities in the delivery of their 'place making role' under the 2007 Sustainable Communities Act, which places a duty on Local Authorities to promote financial inclusion.
- Implement best practice in particular aspects of financial inclusion work, for example supporting the delivery of loans products through an experienced third sector lender.

Facilitating Multi-Sector Partnerships

Devon and Cornwall Housing Association* realised they could not deliver a comprehensive financial inclusion strategy alone, and that their financial inclusion objectives were shared by other local agencies.

They pulled together a group involving local authorities, the multi-sector Devon Strategic Partnership, local credit unions, South Coast Money Line, local advice agencies and seven other housing associations.

A Community Banking Partnership for North Devon, Devon Pound, has now been established which aims to provide:

- Basic financial health checks through housing association staff.
- More specialist advice from independent advice agencies.
- Enhanced tenant access to affordable credit, banking, savings and deposit products.
- Access to financial literacy and education support.

Funding has been provided for the work through the Department for Work and Pensions' Partnership Fund, local statutory agencies and a number of the housing associations involved.



Next Steps

Members of the Transact Financial Capability, Inclusion and Housing Partnership Group will continue to work to support the engagement of the social-housing sector in promoting financial inclusion and tackling poverty.

In particular they will:

- Facilitate the development of good practice in the field, through publications, training, seminars and conferences.
- Support the development of innovative ideas and projects.
- Continue to promote the development of the social, business and organisational cases for the involvement of the social-housing sector in financial inclusion activities, publishing a further brochure focused on these.

At the same time, they will continue to engage with other financial inclusion stakeholders, emphasising the extent to which social landlords, as 'trusted intermediaries' and 'community anchors', have a vital contribution to make to the achievement of their objectives.

Local Authorities Working in Partnership to Support New Tenants

Dudley Council* carried out a survey which identified that half of their tenants under the age of 25 needed help with budgeting and bill payment.

The Council work in partnership with the local Citizens Advice Bureau to address the issue:

- The CAB has trained housing officers in debt prevention.
- All new tenants are therefore provided with a financial health check, which may include benefit maximisation and support to open up utilities accounts.
- Complex debt cases are referred to the CAB for specialist support.

A Checklist for Promoting Financial Inclusion*

Social landlords can:

Take a Whole Organisation Approach by:

- Developing a long term strategy based on clear social, business and organisational rationales.
- Engage with other social landlords and with partners from the statutory, third and private sector in the delivery of their financial inclusion strategy.
- Fully engaging front line housing staff in the delivery of the strategy. This requires staff to be aware of the business importance of tackling financial exclusion and how the issue impacts on tenants. It requires staff to be supported by training, standard protocols and procedures, and up to date knowledge, enabling them to identify tenants struggling financially, and refer them on appropriately.

Promote Access to Welfare Rights and Money Advice by:

- Providing all new tenants with a financial health check to ensure they are claiming the benefits they are due, particularly housing benefit, and identify any money problems.
- Offering all tenants, but particularly those who are vulnerable, access to welfare rights advice.
- Providing all tenants with access to money advice, commissioned by their landlord under a service level agreement with independent advice agencies.

Improve Access to Financial Products by:

- Working with partners from the statutory, third and private sector to identify and respond to gaps in the local provision of financial services.
- Providing financial and promotional support to CDFIs and credit unions offering affordable loans and quality savings products.
- Providing financial and promotional support to CDFIs and credit unions offering micro-loans for small business, or home improvement loans for low income owner occupiers.
- Offering affordable home contents insurance with rent.
- Partnering with banks to improve access to basic banking services.
- Considering linking tenant reward schemes with financial inclusion initiatives to further incentivise positive behaviours.

Improve Financial Capability by:

- Supporting the development of initiatives to improve tenant financial capability as part of their support to vulnerable tenants, and wider community programmes.

Tackle Fuel Poverty by:

- Switching homes to the cheapest supplier when a tenancy concludes, and consider the possibility of joining or developing an Energy Club.