

# Housing Rights

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@housingrightsNI

## Consultation Response

# Response to a Consultation on the Housing Executive's Financial Inclusion Strategy, 2015-18

January 2016

when everyone has a home



## INTRODUCTION

Housing Rights welcomes the opportunity to respond to the Housing Executive's consultation on its draft *Financial Inclusion Strategy, 2015-2018*.

Housing Rights has over 50 years' experience of helping people in housing need, including the provision of housing advice and housing debt advice. Our experience in supporting clients who are in rent arrears, debt, and for whom the barriers to financial inclusion impact on their ability to sustain their tenancies, has long confirmed to us the need for a comprehensive Financial Inclusion Strategy which ensures tenants can 'access the right financial help and support when they need it.'

We therefore welcome the publication of this Strategy and offer the following comments.

## SUMMARY

Housing Rights supports the Housing Executive's aim of tackling financial inclusion by improving their customers' financial wellbeing. We view this strategy as a positive recognition by the Housing Executive of their role in supporting tenants in this area.

Housing Rights' experience in supporting clients confirms the following:

- Front-line staff are integral to the delivery of the Strategy. We welcome the Housing Executive's commitment to training these staff, thereby equipping them with the skills and knowledge necessary to deliver the Strategy's objectives.
- The Strategy's commitment to ensuring that front-line NIHE staff are equipped with the necessary skills and knowledge to proactively combat tenants' financial inclusion, could be supported by actions to ensure that tenants themselves gain the skills and confidence to become financially capable. The Executive should also consider a strategic partnership with credit unions and other stakeholders, in order to provide low-income households with access to affordable credit.
- The impact of the Strategy's actions will be maximised by ensuring that front line Housing Executive staff are empowered to support customers across the lifetime of the tenancy. This should be supported by ensuring that any relevant Housing Executive policies & procedures align fully with the Strategy.

Housing Rights are happy to engage with the Housing Executive on each of the above points, in order to ensure that the Strategy results in improved financial inclusion for all new and existing NIHE customers.

## Front-line NIHE staff are integral to Strategy

Housing Rights welcomes the Housing Executive's commitment to

*'train frontline staff to develop the skills to help new and existing customers with a range of money matters, including household budgeting, paying bills and saving.'*

Our experience, in supporting social tenants suffering from financial exclusion, underscores to us the pivotal role that front-line staff play in the delivery of the Strategy's objectives. Housing Rights are pleased to be able to contribute our expertise in this area, through the provision of Financial Capability Training to NIHE staff. We are committed to ensuring that this training empowers NIHE staff to actively identify financial vulnerability or exclusion amongst customers, and empower these customers to proactively address these issues.

Housing Rights has previously highlighted examples of good practice by social housing providers in England which have resulted in improved financial inclusion for tenants and benefits for social landlords which include a reduction in rent arrears, a reduction in evictions and improved tenancy sustainment.<sup>1</sup>

South West Pound, for example, is a community banking partnership established in 2006 to tackle rural poverty in Devon. Partners in this initiative include seven housing associations and five credit unions. The initiative has provided a number of benefits for tenants, it has been estimated that 900 tenants have been supported by the scheme. This service has granted between 60 and 70 new affordable loans every month; tenants can also access up to three hours of information, advice and support. Advice is provided by independent advice agencies; in addition to this, housing association staff are also trained to provide money advice. The Scheme has impacted positively in the reduction of rent arrears; one housing association involved in the partnership, Devon Homes, has reported a reduction in their rent arrears from 5.7% to 1.7% over 24 months.

Housing Rights also wishes to emphasise that for households on low incomes – it is instructive in this regard that almost half of NIHE tenants have an annual income of less than £10,400<sup>2</sup> – financial inclusion alone will be limited, in the absence of affordable and accessible credit. In recent research carried out in partnership with the Consumer Council and Liverpool John Moores University<sup>3</sup>, we found that 'credit unions have the potential to be a major strategic partner with the NI Executive and other stakeholders in the expansion of provision of financial services for low-income and financially excluded households.'<sup>4</sup> We also

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<sup>1</sup> Conaty, P et al (2008) *Financial Inclusion in Social Housing: Policy into Practice* National Housing Federation, London, Pg 66 and Alexander, N (2007) *Credit where Credits Due* National Housing Federation, Pg 30 as referenced in Housing Rights Policy Briefing Paper 'Financial Inclusion and Housing Debt in NI'

<sup>2</sup> NI Housing Executive (2015) 'Financial Inclusion Strategy 2015-18', p8

<sup>3</sup> Jones PA (2013) 'Towards Financial Inclusion' Housing Rights Service / Liverpool John Moores University

<sup>4</sup> Jones (2013) p4

note the recent Report of the Welfare Reform Mitigations Working Group, which recommends 'establishing a pilot programme which would assist people negatively impacted by welfare reform to be able to access credit union services.'<sup>5</sup>

We would encourage the Housing Executive, as part of this Strategy, to consider exploring a strategic partnership with credit unions, independent advice providers and other stakeholders including the DSD, with a view to expanding the accessibility of affordable credit for low-income households in Northern Ireland.

Housing Rights views the training of frontline staff by the Housing Executive as a vital and fundamental first step in assisting clients to become financially included; we would also recommend that the Housing Executive consideration be given to useful learning from initiatives including the South West Pound, and the possibility of strategic partnerships with the credit union movement in Northern Ireland.

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<sup>5</sup> Evason E (2016) 'Welfare Reform Mitigations: Working Group Report', p35

## Financial Inclusion maximised by Financial Capability

Financial inclusion is defined in the strategy as *‘the ability to access the right financial help, support and services when needed so people can manage their money better.’* Financial Capability, as defined by the Money Advice Service’s 2015 Financial Capability Strategy for the UK, is *‘people’s ability to manage money well, both day to day and through significant life events, and their ability to handle periods of financial difficulty.’*

Financial inclusion and capability are thus clearly highly interlinked and interdependent; where financial inclusion provides the infrastructure of financial services and support for people to engage with, financial capability provides people with the primary skills and knowledge to effectively engage with this infrastructure. The impact of this Strategy can therefore be maximised by ensuring that NIHE tenants have opportunities to build the skill-set and confidence to engage fully in the Financial Inclusion Strategy.

The Housing Executive may be aware of practical examples, currently operating in the Private Rented Sector in England, which could provide valuable learning. These include the practice operated by homelessness charity, Bondboard, which in addition to providing deposit guarantees, also provides advice and information to tenants which includes pre-tenancy workshops and peer mentoring. The Housing Executive may wish to consider how Bondboard’s ‘Quids In’ Workshops<sup>6</sup> (in addition to the NIHE’s annual ‘Quids In’ magazine) could assist in delivering the overarching aims of this Strategy, by helping tenants improve their economic well-being and maintain their tenancies successfully.

Another example of good practice is Housing Rights’ recent partnership with Clanmil Housing Association, whereby tenants in rent arrears were initially offered the opportunity to attend our ‘Made of Money’ financial capability course, instead of being subject to traditional arrears recovery procedures. This partnership offered a pro-active route out of rent arrears for social tenants, by empowering them with budgeting knowledge, and contributing to their ability to actively deal with debt arrears.

Finally, Housing Rights welcomes the Housing Executive’s recognition in the Strategy of the link between financial exclusion and social exclusion. We have recently published commissioned research from Dr Jenny Muir and Mary McMahon which identifies how ‘easy to ignore’ groups, such as those on low incomes who are financially excluded, could be more fully involved in housing policy.<sup>7</sup> We would encourage the Housing Executive to give consideration to how tenants themselves can be involved in the Strategy implementation.

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<sup>6</sup> As referenced in The Nationwide Foundation (2014) ‘Tackling Private Tenants’ Financial Exclusion. Making A Difference Locally’ Pg 9; see <http://www.thebondboard.org.uk/bridging-the-gap/step-up-rochdale/>

<sup>7</sup> Muir, J et al (2015) ‘Involving Everyone Including ‘easy to ignore’ groups in housing policy and strategy development in Northern Ireland’, see [http://housingrights.org.uk/sites/default/files/Easy%20to%20Ignore%20Full%20Report%20-%20June%202015\\_0.pdf](http://housingrights.org.uk/sites/default/files/Easy%20to%20Ignore%20Full%20Report%20-%20June%202015_0.pdf)

## Strategy Implementation

Housing Rights believes that the practical implementation of this Strategy, and particularly the alignment of the Strategy with front-line staff's interaction with tenants, will be vital in ensuring the full effect of the Strategy. In particular, we would stress the importance of integrating the objectives of the Strategy with tenant engagement at (for example) the pre-tenancy stage; during Housing Benefit calculations; and in the arrears recovery process.

In order to maximise the impact of trained front-line staff executing the Strategy, and empower these staff to fully practically utilise their skills and knowledge, we strongly recommend that the Housing Executive thoroughly review any relevant policies and procedures, with a view to ensuring that these align precisely with the aims of the Financial Inclusion Strategy: for example, there is an obvious tension between financially included tenants and the current NIHE Arrears Recovery arrangements. By ensuring policies & procedures align with the objectives of Financial Inclusion, front-line staff will be empowered to execute a Strategy which is holistically and fully supported by all levels of the Housing Executive.

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