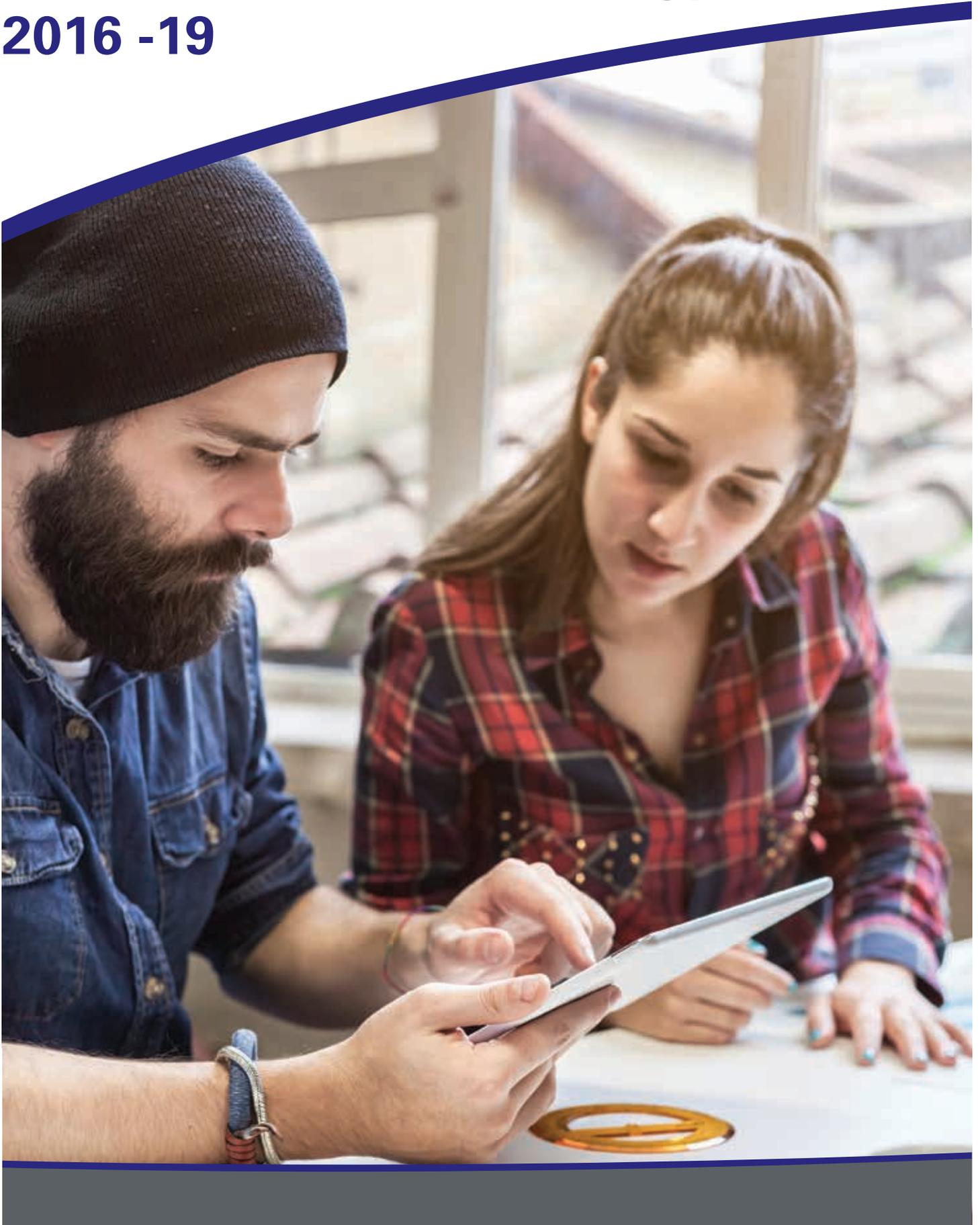


Financial Inclusion Strategy 2016 -19



INTRODUCTION

Over recent years a number of factors such as the economic downturn and Welfare Reform are causing more and more people to experience money problems. For many, affording life's necessities is becoming increasingly difficult.

Also, financial worries can strike at any time and can often be unexpected due to bereavement, redundancy, accident, illness, relationship breakdown etc. The Housing Executive wants to help customers to be able to manage their money and sustain their tenancies, whatever their circumstances.

Since our last Financial Inclusion Strategy was developed in 2008 we have made progress in developing new services to support tenants to make the most of their money, including:

- access to money and debt advice services
- initiatives to reduce fuel poverty
- initiatives to educate, raise awareness and encourage customers to reduce household bills through energy efficiency measures
- funding of Floating Support services to help vulnerable households to manage and sustain their homes
- joining the Rental Exchange scheme to help customers to build a positive credit history and access a greater range of affordable goods and services
- providing an annual edition of 'Quids In!' magazine and a guide for new tenants to help customers to make the most of their money
- various events across the Province regarding money management and maximising income, e.g. participation in Money Week events, 'Spring Clean Your Finances' campaign
- implementing the Landlord Services' Social Housing Enterprise Strategy to support the development of community-led social housing enterprises and social entrepreneurship, and achieve the resulting social value outcomes.



This strategy aims to build on the work already undertaken and continue to develop new ways to prepare for the future, taking into account the financial challenges that lie ahead with the implementation of proposed changes to welfare benefits. The financial inclusion strategy will help our customers to:

- increase access to the right financial advice
- access housing support services such as Floating Support
- maximise their money - increasing the money coming into their household and make it go further
- co-ordinate money advice to help address debts and manage money better
- increase financial 'staying power' through better access to mainstream banking, credit and lending services
- save on utility bills.

WELFARE REFORM

This strategy has been developed at a time when many are already facing significant financial pressures and when the full details of the likely impact of the application of Welfare Reform measures on benefits claimants are just beginning to become clear.

What is welfare reform?

The term 'Welfare Reform' is used to refer to a wide range of changes being made to the social security benefits system.

Some of these changes have already come into effect in other parts of the UK. The Northern Ireland Assembly, under the 'A Fresh Start' agreement, has allocated additional funding for the period 2016-2020 to try to minimise the financial impact on benefits claimants.

How will welfare reform affect customers?

In England, the 'social sector size criteria', also known as the 'bedroom tax', has been in place for more than two years now. At the time of developing this strategy, the indication from the Northern Ireland Assembly is that the impact of 'bedroom tax' will not affect Housing Executive customers. However, full details in relation to this are still to be confirmed.

We will keep customers informed of any changes that might affect them.

Mitigating measures have been established for a number of other aspects of Welfare Reform affecting other benefits in an effort to support the most vulnerable households. However, it is inevitable that some customers will be adversely affected by the changes and will see a reduction in their household income from benefits, making them more vulnerable to suffering financial problems.

In addition, the changes that will be implemented, particularly in relation to the replacement of Disability Living Allowance (DLA) with Personal Independence Payments (PIPs) and Tax Credits, will be complex and may be difficult for some claimants to understand.

In recognition of this, the Assembly has committed additional funds for independent advice services to help those who require support to manage their money and navigate the benefits system.

Furthermore, in addition to Welfare Reform, the Department for Communities is developing a social housing rent policy for Northern Ireland as part of its Social Housing Reform Programme.

The aim of the social housing rent policy is to ensure that rents in the social sector are fair and affordable for the tenants who pay them and that landlords bring in enough rental income to help maintain homes to a good standard.

The social housing rent policy will be subject to public consultation in due course.



WHAT IS FINANCIAL INCLUSION?

Financial inclusion is the ability to access the right financial help, support and services when needed so people can manage their money better. There are a number of barriers to being financially included:



What are the implications of financial exclusion?

Financial exclusion creates financial problems in a variety of ways:

- Exclusion from affordable credit leaves people who need to borrow money with no option but to use high-interest forms of credit (e.g. payday loans and doorstep lenders).
- A lack of insurance and savings makes households vulnerable to financial crises due to unexpected events such as pregnancy, illness, bereavement, flooding and burglary. A lack of savings can also contribute to poverty in old age.

- Not having a bank account, or only having a basic account (e.g. Post Office account) with no direct debit facility excludes most people from this method of paying bills. Most utility suppliers charge more for using other methods of payment such as pre-payment meters, PayPoint or cash
- Many employers will only pay wages directly into a bank account which might deter or exclude people from certain jobs due to inability to access a suitable bank account.

Financial exclusion is not just an individual problem; it reinforces social exclusion. Social exclusion is about more than just income poverty. It occurs where people or geographical areas experience a combination of linked problems such as unemployment, low incomes, lower levels of educational achievement, skills and training; homelessness, family breakdown etc.

Links between financial and social inclusion are complex. Financial exclusion very often contributes to social exclusion - for example, not having a bank account into which wages can be paid can be a barrier to taking a job and not having access to credit can make it more difficult to be a part of the wider consumer society.

On the other hand, social exclusion can also cause financial exclusion as low-income groups are less likely to have the appropriate identification to open a bank account, for example.

This has been shown to be a particular problem for socially excluded groups including those living on a low income, members of the Traveller community, refugees, asylum seekers and economic migrants etc, lone parents, non-home owners such as those in social and private rented accommodation, 'non-utility bill holders' (i.e. people who use a 'pay-as-you-go' keycard meter for gas/electricity), people who are unemployed, those in receipt of social welfare benefits, homeless people and younger/older people.

Financial exclusion, particularly in terms of debt and over-indebtedness, can have a negative impact on mental health and can disrupt families, which may lead to family breakdown. It makes living on a low income more expensive, unstable and stressful than it otherwise would be and can act as a barrier to personal and economic development.

Helping our customers to improve their own financial situation will mean that they are more able to cope



financially and at less risk of losing their home. This will, in turn, help us to achieve our aims to reduce the number of void properties, sustain our neighbourhoods and develop more cohesive communities.

Why is financial inclusion important for our customers?

Research indicates that tenants in social housing are disproportionately affected by financial exclusion and it is estimated that they make up around 60% of all financially excluded people.

The Housing Executive's 2014 Continuous Tenants Omnibus Survey (CTOS) evidences that many of our customers face barriers to financial inclusion, for example:

- 20% (17,744) of customers do not have a bank or building society account.
- Almost 40% (34,305) of customers do not have a debit or credit card.
- Almost half (41,205) of customers have an annual household income of less than £10,400.
- More than 70% (62,095) of customers do not have home contents insurance.

In addition, we know that approximately 62% of customers are fully dependent upon Housing Benefit and a further 15% rely on partial Housing Benefit to pay their rent.

It is recognised that rent arrears can often act as a warning system, highlighting financial or personal problems in the household. We know that approximately one quarter (21,500) of our customers have rent arrears:

Number of Customers	Arrears
40% (approx 8,400)	less than £99
26% (approx 5,600)	£100 - £299
12% (approx 3,000)	£300 - £499
11% (approx 2,400)	£500 - £999
11% (approx 2,400)	more than £1,000

Furthermore, through our partnership with Advice NI in the provision of money and debt advice, we know that 835 Housing Executive customers availed of their service in 2014-15. Of these, less than one quarter (193) had rent arrears. Therefore, the majority of Housing Executive customers who used Advice NI's Debt Action service last year did so because they had other debts (e.g. personal loans, benefit overpayments, payday loans, credit cards, catalogue shopping, mobile phone contracts etc).

Increasingly, digital exclusion is a contributing factor to financial inclusion. A lack of computer skills and inability to access the internet can exclude people from a range of opportunities, for example, job searches and shopping around online for the best deals on essential expenses such as car insurance and cheaper electricity tariffs. In future, more and more services, such as benefits applications, are likely to move to online access, causing significant problems for those who are not computer literate and/or do not have internet access at home.

In terms of the potential extent of digital exclusion amongst Housing Executive customers, the results of the 2014 CTOS show that more than half of our customers do not have a home computer (53.2%, 45,773 customers) or access to the internet at home (51%, 44,001 customers).

Also, through our consultation on the Social Housing Enterprise Strategy, it was generally acknowledged that our communities have had little or no economic activity from which they could directly gain and sustain social value.

OUR STRATEGY

What are the benefits of financial inclusion?

Being financially included helps people to:

- Feel confident and make the right decisions about money matters.
- Open suitable bank accounts.
- Borrow at a reasonable cost when necessary.
- Buy affordable insurance to protect family and home.
- Build up savings for emergencies.
- Access money and benefits advice from free and reputable services.
- Stay in their home and out of debt.
- Make more informed life choices.

However, benefits to financial inclusion are wider reaching than just money-related. It can also help to improve:

- Health and wellbeing.
- Relationships.
- Personal development.
- Independence.
- Job opportunities.

Often, people lack confidence and trust when dealing with financial companies, perhaps due to having a bad experience or being rejected for services in the past. Others become involved with unsuitable lenders and expensive charges. Our financial inclusion strategy will aim to improve the well-being of all customers.

Financial inclusion helps people become financially confident and competent. It can also help people to manage their finances in the future. Managing money better can help our customers to:

- Prioritise rent payments.
- Reduce money worries.
- Avoid fuel poverty and fuel debt.
- Control and reduce arrears.
- Sustain their tenancy.

The Housing Executive also benefits from the positive impact of financial inclusion as it can reduce the time and associated costs of:

- Recovering arrears.
- Serving notices.
- Arranging court action and evictions.
- Change of tenancy repairs.
- Homelessness applications.

Over the next three years, we will work towards achieving a number of objectives to tackle financial exclusion and help our customers to improve their financial wellbeing.

Increase access to the right financial help to assist customers to maintain and sustain their tenancy

- 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.
- Engage with customers at the pre-tenancy stage with advice and assistance to ensure that they are prepared and can afford rent and other household expenses.
- Work with colleagues in exploring the potential for initiatives that assist tenants to establish their tenancy (eg furnished tenancies).
- Work closely with partner agencies to ensure new and existing customers can access specialist money and debt advice services when they need it.
- Ensure our most vulnerable clients are referred to appropriate housing support (Floating Support) services where appropriate.
- Work with the Central Housing Forum and Area Scrutiny Panels to identify and investigate further financial capability initiatives to support our customers.



Help customers to maximise their money

- Work closely with new customers from the very beginning of their tenancy to establish positive payment patterns and achieve a clear rent account.
- Work in partnership with the Social Security Agency (SSA) to publicise and facilitate access to the Benefits Advice Line to increase the uptake of benefits.
- Work with Housing Benefit to promote benefit uptake.
- Provide an annual edition of Quids In! magazine to customers to provide advice and tips on making the most of their money.
- Continue to participate in the Rental Exchange to provide our customers with greater opportunity to access a wider range affordable credit services when they need them and avoid the need to use more expensive forms of credit.
- Work in partnership with the Money Advice Service and financial services industry to increase access to suitable financial products and services for low income households.
- Explore the potential for the development of a strategic partnership with Credit Unions and other relevant stakeholders in order to encourage customers to save and facilitate access to affordable credit services.
- Develop initiatives to digitally empower customers who may be excluded from accessing goods and services online.

Save on utility bills

- Continue to fund an energy efficiency marketing campaign with adverts on TV, radio, buses and in local press.
- Continue to work in partnership with Bryson Energy in the funding of the Energy Efficiency Advice Line and an education programme for primary schools.
- Install solar panels on up to 2,000 properties, producing savings of approximately £200 per year on electricity for those customers.
- Continue to offer energy advice to our customers whose homes are included in heating upgrade schemes to help them to operate their new heating system effectively and efficiently.
- Continue to provide an electricity tariff sheet at tenancy sign-up so that new customers can choose the best tariff for them.
- Continue to advise gas customers in the Greater Belfast area that they have a choice of suppliers.

Reduce fuel poverty

- Continue to work in partnership with Bryson Energy in establishing oil buying clubs and increasing membership to offer households access to more affordable home heating oil.
- Administer the Affordable Warmth scheme on behalf of the Department for Communities (DfC) which is an income based grant of up to £7,500 aimed at home owners and tenants in private rented accommodation to improve insulation/ventilation, heating and windows.
- Administer the Boiler Replacement Scheme for owner occupiers on behalf of DfC.

Focus on communities

- Continue to work with partners to bring information and education on money matters to communities.
- Encourage greater tenant participation through implementation of our Community Involvement strategy.
- Implement and work towards delivery of the objectives of the Community Cohesion Strategy to ensure that our services are accessible to all.
- Implement the Social Housing Enterprise Strategy to help to address worklessness and develop self-sustaining Social Housing Communities through community led social enterprise. In delivering the Strategy's agreed objectives, we will help to:
 - Develop local social housing enterprises and social entrepreneurs.
 - Support them to access the funding and business support they need.
 - Create opportunities for them to impact positively on their communities and neighbourhoods.
 - Encourage and facilitate collaborative arrangements with other key stakeholders to optimise local social and economic outcomes.
 - Encourage and support the Social Enterprise sector to grow within social housing areas to build sustainable neighbourhoods.

OUR COMMITMENT

Our focus is to support customers at every stage of their Housing Executive tenancy:

We aim to:

- Work with potential customers so they are financially fully prepared, even before they move into their new home.
- Help customers from the moment they move in - support at this stage can help to prevent problems arising in the future.
- Arranging specific and appropriate support for our most vulnerable customers.
- Support customers who are struggling to pay their rent.
- Provide new and existing customers with the support and advice to help them to access the financial services they need to improve their financial wellbeing.



SUMMARY

Financial inclusion is a complex issue, requiring sensitivity in its approach. It brings a range of challenges:

- The benefit system can be difficult to understand and navigate.
- Some households have a lack of knowledge about options and rights.
- Many people have limited budgeting skills or lack of confidence with money matters.
- It can be difficult to find appropriate services and products.
- Asking for help and finding free, impartial advice can seem daunting.

Over the next 3 years, we will develop an action plan and work to tackle these issues and help our tenants to improve their financial wellbeing by:

- Identifying barriers.
- Targeting customers most at risk.
- Forming and maintaining strong partnerships with colleagues, benefits agencies and the money advice sector.
- Increasing engagement at the pre-tenancy stage to help customer prepare for the financial responsibility of their tenancy.
- Ensure customers have access to financial advice when they most need it.
- Helping customers have greater opportunity to access more affordable credit and other goods and services.
- Ensuring that frontline staff are knowledgeable and able to offer advice to customers at all stages of their tenancy.

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