Financial Inclusion and Housing: Baseline survey
Introduction

Financial exclusion is a problem for many households. It can mean that people are stopped from fully participating in society and may have to pay a ‘poverty premium’, for example not being able to access cheaper deals on utilities. These are usually linked to direct debit payments which are impossible to access without a bank account. 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 affordable housing sector can do a lot to alleviate these problems, and there are many excellent and well-established examples of good practice up and down the country.

The Chartered Institute of Housing (CIH) hosts two DWP Financial Inclusion Housing Champions, building on a strong track record of support for financial inclusion work in the sector. The government has identified housing professionals as a vital link between consumers and potential providers. The Champions work with housing providers, financial institutions and partners to increase the provision and take-up of bank accounts, debt advice, affordable credit and home contents insurance, and to encourage greater regular saving. This is done through working with housing providers, financial inclusion partnership groups and other stakeholders. CIH also has two Financial Inclusion Advisors, funded by the Financial Services Authority and Barclays, who work directly with housing providers to offer advice and support for implementing financial inclusion strategies and initiatives.

A baseline understanding of financial inclusion in the sector is needed to ensure that efforts and money to promote it can be targeted in the right places, and so that the impact of this work and the investment that supports it can be demonstrated.

Methodology

This baseline has been identified through an online survey completed by CIH members and housing organisations. It establishes which financial inclusion initiatives are priorities for housing, what work is being done, what partnership work is happening, and what the main barriers are to developing financial inclusion work. It also highlights innovative work and best practice in financial inclusion in the housing sector.

The survey was undertaken by the DWP Financial Inclusion Housing Champions in partnership with the CIH. It is the first cross-sector, UK-wide survey of financial inclusion in housing and was completed by nearly 900 people. It gives a clear indication of the housing sector’s position in relation to tackling financial exclusion and the barriers and challenges to this work. The information gathered in the survey will inform the activities of CIH and DWP around financial inclusion over the next two years.

The importance of the social housing sector in tackling financial exclusion

The housing sector is in a unique position to help financially excluded people. Housing organisations are trusted intermediaries for tenants and have knowledge of and access to a large number of financially excluded households. Therefore the housing sector should tackle financial exclusion; this should be done in a strategic, evidence-based way which is embedded across the whole organisation.

The high response rate to the survey confirms that there is a significant interest in financial inclusion in the housing sector. Many respondents emphasised the continued and growing importance of work in this area.

“Many social tenants are not just poor – they carry the extra burden of having far fewer choices and far worse products than those of us with a reasonable income. You don’t overcome poverty by strengthening knowledge or creating new options, but it helps. Tenants in control of their finances are on the road to control over their lives.”

Kate Davies, Chief Executive, Notting Hill Housing Trust.

“This is a key area of work within housing, especially with the current economic climate. It is essential for customers and business to be ensuring financial inclusion and capability is at the forefront of their service.”

Francis Bourke, Rents Team Leader, Teign Housing.
Findings from the survey

Demand for debt advice and counselling

The majority of respondents had experienced increased demand for debt advice and counselling from their tenants and residents. This is not surprising in the current economic climate but it reinforces the need for these services to be provided.

Use of financial inclusion strategies

The survey showed that the majority of housing providers saw the development of a financial inclusion strategy as an important part of their approach. Nearly 50% of respondents said that they had a financial inclusion strategy with a further 22% saying that their strategy was in development.

Financial inclusion services offered

A high proportion of the housing sector were offering access to money advice, debt prevention and home contents insurance. A smaller proportion were offering affordable credit, bank services and financial capability training.

The highest figures for ‘in development’ were ‘building residents’ financial capability’. This will be significant for the future as financial capability is an important component to the success of all financial inclusion initiatives.

The highest figures for ‘no’ were ‘offering access to banking services’ and ‘offering access to affordable credit’. There is a clear need to provide access to both services but the survey would suggest that the sector is not providing access to them.

Priorities for financial inclusion activities

‘Debt prevention and early intervention’ was the highest priority for providers. ‘Offering access to money advice’ was second and ‘offering access to home contents insurance’ was third.

The lowest priority was ‘other’, the most significant area was concerned with tackling fuel poverty. The second lowest was ‘offering access to banking services’ as mentioned previously there is a clear need for offering access to banking services.

Partnerships

One organisation can rarely work on all aspects of financial inclusion alone. Working in partnership to tackle financial exclusion is often the key to success, and a range of partnerships are currently being undertaken.
Barriers to financial inclusion initiatives

The main barrier to development and delivery of financial inclusion work identified was resources, including funding, staff time and capacity. 49% of the respondents indicated this as a barrier.

“The work is very cash and resource hungry and we could do with more dedicated staff in this area.”

Matt Cooney, Chief Executive, Solihull Community Housing.

The next most commonly identified barrier related to the capacity and local availability of external financial inclusion services such as credit unions and advice centres. 13% of respondents felt this was an issue.

The third most common barrier was the problem of engaging residents including having meaningful resident profiling information. 12% of respondents indicated this as a barrier.

Involving residents

There were some good initiatives to involve residents in financial inclusion work.

Bristol Community Housing Foundation

“Our housing officers and lettings co-ordinator provide support before applicants move in and during their tenancy. We give help to people in planning their finances and ensuring they are getting all the benefits they are entitled to. We liaise with the council’s housing benefits section a great deal on tenants’ behalf.”

Rachel Cobb, Housing Services Manager.

Cambridge Housing Society

“We have a resident involvement officer and several customer panels to get the views and input of residents. A customer committee meets every quarter prior to the service committee and Board meeting. There is a specific group, the New Horizons Action Group that considers the work we do around money advice - benefits advice, debt advice and the New Horizons Saving and Loan Scheme operated in partnership with CHS and Cambridge Building Society. We also have a group that includes residents which considers how to improve rental income and support residents through the money advice service.”

Carol Hopkinson, Money Matters Adviser.

Promoting financial inclusion services

The top three initiatives being used to promote financial inclusion services were consultation (40%), supplying information through newsletters and texts (29%), and special events such as open days and road shows (18%).

Training and support for staff and organisations

Some respondents said that they had received advice, training or support for financial inclusion from external organisations.

Has your organisation received advice training or support with financial inclusion from any of the following sources?

Yes
No
In Development
Don't Know

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Executive Summary

The results from the survey show a marked increase in the demand for debt advice and counselling amongst tenants and residents. The survey suggests that most respondents had a Financial Inclusion Strategy in place or there was one in development. However, a strategic approach is important for embedding financial inclusion initiatives and policy, so it would be good if more of the housing sector had financial inclusion strategies.

A high proportion of the housing sector were ‘offering access to money advice’ and ‘offering access to debt prevention’. However, the highest lack of provision was not ‘offering access to banking services’ and not ‘offering access to affordable credit’. There is a clear need to provide access to both services but the survey would suggest that the sector is not providing access to them.

The highest priority for financial inclusion activities were ‘debt prevention and early intervention’ and ‘offering access to money advice’ which are both key components of the financial inclusion agenda, and the provision of these services will have a positive impact on tenants’ and residents’ lives. However, one of the lowest priorities was ‘offering access to banking services’ - there is a clear need to provide access to banking services which the sector should be providing. This is an issue we will need to explore further with the sector.

There were some good links with partners to tackle financial exclusion. The main barrier to developing financial inclusion initiatives - resources - could be overcome with increased levels of partnership working. The respondents indicated that there was a lot of good practice to involve residents in financial inclusion work.

We now have a clear baseline to show what is happening with financial inclusion work in the affordable housing sector. The high response rate to the survey reinforces our belief that financial inclusion is now a hot topic in the sector and that the housing sector is engaging positively with the financial inclusion agenda. There is much to celebrate and a strong foundation to build on, but more can done to help residents who are financially excluded. The survey findings will inform the work of the Department of Work and Pensions (DWP) Financial Inclusion Housing Champions and the Financial Inclusion Advisors’ work over the next two years.
Survey respondents

In total 881 people completed the survey across a broad spectrum of roles and organisations around the UK.

The charts below show a breakdown of respondents by location and organisation.

Contact us

You can contact the Champions to discuss these findings or find out more about financial inclusion work.

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You and your organisation can also get individual support on financial inclusion strategies and the implementation of initiatives.

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Financial Inclusion Advisors are funded by the Financial Services Authority and Barclays.

Information on training and qualifications for financial inclusion is available at www.cih.org/training

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