



**Brighton & Hove
City Council**

Housing Management Financial Inclusion Strategy (Consultation Draft)

Supporting residents who face financial difficulties

Brighton and Hove City Council is committed to

- providing our residents with the knowledge and skills they need to make informed and effective financial choices
- providing access to affordable credit and banking, appropriate financial products and free face-to-face advice

Background Information

What is financial inclusion?

'Financial inclusion is when citizens have access to appropriate financial products and services *and* the opportunity, ability and confidence (and appropriate support and advice) to make informed decisions about their financial circumstances as would be regarded as a minimum to organise their finances in society effectively.'

Citizens Advice/Institute for Public Policy Research definition of financial inclusion

Who is affected by financial exclusion?

The Department for Work and Pensions estimates that 2.8 million people are financially excluded and that 60% - 70% of these are social housing tenants.

Brighton and Hove contains some of the most deprived areas in England, particularly East Brighton, Queens Park and Moulsecoomb and Bevendean wards. 8% of the city's neighbourhoods are amongst the most deprived 10% in England. The majority of residents in these areas are social housing tenants and it is estimated that 60%-70% of those who experience financial exclusion live in this type of accommodation.

Some groups are particularly at risk of financial exclusion and they include a proportion of the city's Bangladeshi and Black African population who are concentrated in the most deprived areas and people with mental health issues who are disproportionately represented within social housing.

Children in low income families are even more concentrated in the deprived areas and many of these children have special educational needs. This problem is acute in the Eastern areas of Brighton and Hove. Nearly a quarter of the city's children live in out of work households mainly headed by women.

Disability and incapacity benefit levels are high across the city. More than 50% of all working age people on benefit claim as a result of incapacity. Disabled children are at greater risk of living in poverty. Nearly 20% of all people over 60 receive disability related benefits.

In 2008 a STATUS survey of a randomly selected sample of 3000 tenants found that:

- 61.3% of respondents reported a long term illness
- 43.5% of respondents were over 60 years of age
- 25.5% of respondents were working in full or part time employment
- The majority of respondents were White British (92.4%), 1% of respondents were Asian, 1.4% Black and 1.4% from mixed backgrounds

Finally, there are a significant number of people with multiple needs living in social housing with over two thirds of households experiencing at least two indicators of inequality, i.e. income, benefits dependency, health, crime and environment.

A key component in reducing inequality is to tailor services and resources to target certain communities and areas. Financial inclusion initiatives can help promote equality by providing our residents with the knowledge and skills they need to make informed and effective financial choices and by providing access to affordable credit and banking, appropriate financial products and free face-to-face advice.

Key to the success of this strategy will be identifying and targeting groups that may be hard to reach and those groups that have difficulty taking up offers of help and assistance, e.g. people experiencing mental health problems, those whose first language is not English and those with complex and multiple needs.

What does financial exclusion mean for our residents living in social housing?

Financial exclusion can mean:

- no bank account
- low household income
- debt, including rent arrears
- no access to money advice
- no savings
- no access to affordable credit
- no insurance
- fuel poverty
- limited financial awareness
- lack of confidence, aspiration, mobility

People who are financially excluded are less likely to be in work and may find it difficult to obtain and hold down employment

What are the possible impacts of financial exclusion?

Ill-health, relationship breakdown and loss of employment can be brought about by debt and low household income.

In 2006 the Ministry of Justice estimated that the average cost of social welfare problems over the previous 3.5 years to individuals, health and other public services was at least £13 billion. Debt problems and financial exclusion contribute significantly to this figure.

Financial exclusion amongst residents affects our performance as a landlord. It has a direct impact on our business, affecting rent arrears and rent collection costs, void losses, evictions, failed tenancies and homelessness, anti-social behaviour, customer satisfaction, efficiency and value for money.

What are we doing now to reduce financial exclusion?

We have already made good progress towards promoting financial inclusion for our residents through a number of services and initiatives:

Money Advice

Since April 2006 we have funded a CAB (Citizens Advice Bureau) Adviser to provide money advice for tenants with rent arrears. Many tenants in arrears have multiple debts and the adviser's role includes renegotiating payments with other creditors, including door step lenders. The adviser works with tenants for approximately six months, making housing costs a priority in their budgeting. Tenants in financial difficulty are encouraged to take advantage of this service.

eBenefits

In September 2008 we introduced eBenefits, an on-line claims system. This service prevents arrears by reducing the time it takes to process claims. To date the time taken to assess claims has reduced from 25 days to 6 days. The majority of our tenants (75%) now receive housing benefit and the Benefit Service is the largest single source of payments into our rent accounts.

Housing Pre-action Advice Scheme

Since January 2009 we have participated in the Housing Pre-action Advice Scheme (Rent Arrears) pilot set up by the Ministry of Justice. The project is managed in partnership with Brighton County Court and BHT (Brighton Housing Trust) and aims to avoid possession action and prevent evictions and homelessness. Tenants who are due to be summonsed are invited by Brighton County Court to attend an appointment with a BHT adviser to resolved any housing benefit issues and/or agree a repayment plan.

Financial Inclusion Health Check

In January 2009 we introduced financial inclusion health checks for all new tenants, covering:

- bank accounts
- benefits advice
- free debt and money advice
- free internet access
- affordable credit & savings
- low cost insurance
- low cost furniture
- energy efficiency
- financial capability

In addition, we are working with the Financial Inclusion Champions to influence the banks regarding the provision of free cash points in the most deprived areas. This work was initiated following feedback from Moulsecoomb and Bevendean residents.

What do we want to do next?

We want to facilitate a range of initiatives that will have an impact on poverty by providing access to a wide range of services.

Key Objectives

1. Develop a workforce committed to eliminating financial exclusion

To achieve this objective we will:

- Launch this strategy
- Train front line staff to recognise when a customer is at risk of financial exclusion so they are able to refer them for appropriate advice and support

2. Assist our residents to make informed and effective financial choices

To achieve this objective we will:

- Take a proactive approach to financial inclusion and actively promote independent advice services to all residents
- Improve the quality and range of information available to residents and make this available in a variety of ways, e.g. website, Homeing In, posters etc

3. Ensure that financial inclusion initiatives are applied prior to and throughout the tenancy process

To achieve this objective we will:

- Ensure that prospective tenants are aware of the costs of maintaining a tenancy and are offered financial advice and assistance prior to bidding for a property
- Offer financial health checks to all new and existing tenants and signpost them to a range of service providers

4. Maximise housing and welfare benefit take-up

To achieve this objective we will:

- Continue to fast-track housing benefit claims for tenants by offering eBenefits appointments at a variety of locations, including tenants' homes
- Run a series of targeted benefit take-up campaigns

5. Promote and encourage the take up of basic bank accounts

To achieve this objective we will:

- Promote the benefits that a bank account can offer and provide information about the different bank accounts available
- Assist residents who may find it difficult to open a bank account

6. Promote the council's Home Contents Insurance Scheme

To achieve this objective we will:

- Make sure tenants are aware of the importance of having insurance cover
- Promote the council's low cost insurance scheme

7. Promote and support the work of the Brighton and East Sussex Credit Union

To achieve this objective we will:

- Promote the Credit Union as a source of affordable credit and an accessible place to save
- Help to increase the membership of the Credit Union by encouraging residents and council staff to join

8. Promote and support the work of the Illegal Money Lending Team

To achieve this objective we will:

- Train front line staff to recognise when residents may be using illegal money lenders
- Provide access to appropriate advice and affordable credit for residents with debt problems

9. Work in partnership with residents and other key organisations active in the field of financial inclusion

To achieve this objective we will:

- Involve residents and stakeholders in monitoring and reviewing our services to ensure continuous improvement
- Ensure that links with the Chartered Institute of Housing Financial Inclusion Advisor, the Department of Work & Pensions Financial Inclusion Champions and other partner organisations are maintained

and developed so we are able to utilise their expertise and specialist knowledge to achieve our goals

Equality and Diversity

We will use this strategy to promote social housing as a platform for reducing inequality and creating opportunity.

We are currently working to build up profiles about our service users so we can use this information to develop the services outlined in this strategy to meet the diverse needs of our communities.

We will try to ensure that our services meet the different needs of our residents by involving communities in identifying their needs and making sure they are met.

We want to make sure there is maximum take-up of the services aimed at reducing financial exclusion by all communities, particularly those groups facing disadvantage or discrimination.

Impact of this strategy

It is hoped that this strategy will have the following impact:

For our residents:

- easier access to bank accounts
- debt advice when they need it in the format that suits their needs
- improved knowledge/understanding of available financial products/services
- improved access to affordable credit and reduced reliance on doorstep lenders
- ability to maintain their tenancy by prioritising rent payments
- increased confidence to access/use financial products/services
- increased take up of home contents insurance

For the organisation:

- reduced rent arrears levels
- reduced income collection costs
- increased use of more efficient collection methods
- reduced number of court actions/evictions due to rent arrears
- reduced number of abandoned properties/failed tenancies
- reduced tenancy turnover/reduced void costs
- increased levels of customer satisfaction

Monitoring our progress

A project group has been established to oversee the implementation of this strategy and monitor our progress.

The project group will inform the future development of this strategy and will ensure that we continue to work together with our partners to eliminate financial exclusion.

Future Review

This strategy will be reviewed by the project group in December 2010 although amendments and revisions will be made in the interim as necessary.

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