

HOUSING MANAGEMENT CONSULTATIVE COMMITTEE

Agenda Item 33
Brighton & Hove City Council

Subject: Discussion Paper on Proposed Financial Inclusion Strategy

Date of Meeting: 12 October 2009

Report of: Director of Adult Social Care & Housing

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Wards Affected: All

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 This report is focused on the development of a Financial Inclusion Strategy, for residents of Council Housing, that will contribute to the aims and objectives contained within the Housing Revenue Account Service Improvement Plan 2009 – 2012.
- 1.2 Specifically, the strategy will address the interrelated issues experienced by financially excluded residents in Brighton & Hove.

2. RECOMMENDATIONS:

That Members of Housing Management Consultative Committee comment on the report and note the involvement of the Income Management Monitoring Group in the development of the strategy.

3. RELEVANT BACKGROUND INFORMATION:

- 3.1 A 2003 Citizens Advice/Institute for Public Policy Research report provided the following definition of 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.'
- 3.2 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.
- 3.3 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

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

3.5 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.

What are we doing?

3.6 Key to eliminating financial exclusion is a financial inclusion strategy which has at its heart a focus on supporting customers who face financial difficulties.

3.7 As social landlords we are in a prime position to identify those who are financially excluded and provide the necessary advice and support to help them towards financial inclusion.

3.8 The overall aim of our financial inclusion strategy is to assist our residents in a variety of ways to ensure that they are not financially disadvantaged.

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

3.10 By promoting financial inclusion and incorporating financial awareness initiatives into our services, we aim to encourage residents to manage their day to day finances and plan for a secure financial future.

Building on our current good practice

3.11 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 part 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 we have carried out more than 450 eBenefits interviews and 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. Each month six 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

Why are we doing it?

- 3.12 Firstly, financial exclusion amongst tenants 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.

- 3.13 Secondly, the Audit Commission inspection regime, through the KLOEs (Key Lines of Enquiry) sets specific expectations of an 'excellent' landlord service in relation to promoting financial inclusion:
- provision of appropriate debt management advice
 - proactive signposting to agencies that can help maximise income
 - effective liaison/planning with other agencies to maximise income
 - promotion of 'take-up' campaigns
 - evidence of sustaining tenancies
- 3.14 Finally, in March 2009 the Audit Commission completed an advice and assistance visit which included looking at income management arrangements. While acknowledging the initiatives already in place to address financial inclusion issues, the need for a financial inclusion strategy to strengthen the approach to income management was recognised.
- 3.15 The Housing Revenue Account Service Improvement Plan takes forward the recommendations made by the Audit Commission by including in its core strategic priorities the development of an effective financial inclusion strategy which makes it clear how the council aims to reduce inequality and maximise income for tenants.
- 3.16 The financial inclusion strategy will have close links with other projects in the Housing Improvement Programme, particularly initiatives aimed at tackling social inclusion and promoting social mobility.

Proposed scope of the strategy

- 3.17 The financial inclusion strategy will be applied throughout the tenancy process and will set out how the council intends to assist residents to access money management advice and ethical financial services to maximise their income.
- 3.18 The strategy will outline the council's approach to tackling financial exclusion amongst residents through initiatives that will have an impact on reducing poverty by providing access to a wide range of services.

Some of the likely outputs/outcomes

- 3.19 It is hoped that the 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

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

How the strategy will be developed

- 3.20 A financial inclusion project group has been established to inform the development of the strategy and oversee its implementation.
- 3.21 The overall success of the strategy will be dependent on establishing partnership agreements with key organisations active in the field of financial inclusion.
- 3.22 The project group will ensure that links are established with partner organisations so we are able to utilise their expertise and specialist knowledge to achieve our goals.
- 3.23 The ASSG (Advice Services Strategy Group) will be used to ensure strong links with the independent advice sector.

4. CONSULTATION

- 4.1 The project group will ensure that public views genuinely contribute to the development of the strategy by maximising opportunities for residents, staff and stakeholders to engage in the process.
- 4.2 Residents will also be involved in the development of the strategy through the Housing Income Management Monitoring Group.
- 4.3 To support the consultation a stakeholder event was held on 24 September 2009 to discuss and inform issues from the draft strategy. The event was attended by officers and community sector professionals.
- 4.4 Consultation will not end with the publication of the strategy, but will be part of an ongoing process, involving residents and stakeholders throughout the life of the strategy, helping us to monitor its implementation and review our services.
- 4.5 This discussion paper was presented to the Adult Social Care & Housing Overview & Scrutiny Committee on 3 September and the proposals were welcomed by Members.

- 4.6 The final strategy will be brought back to Housing Management Consultative Committee.

5. FINANCIAL & OTHER IMPLICATIONS:

- 5.1 Financial Implications: [Monica Brooks, Principal Accountant, 22 July 2009]
The costs of developing the Financial Inclusion Strategy will come from existing resources within the 2009/10 Housing Revenue Account budget. Once the Financial Inclusion Strategy is developed any financial implications arising will be reported to the appropriate committee prior to implementation.
- 5.2 Legal Implications: [Liz Woodley, Senior Lawyer, 22 July 2009]
The report provides details of proposals for the development of a Financial Inclusion Strategy. The consultation process should ensure that all parties/organisations likely to have an interest in or be affected by the proposed implementation of the strategy are included in that process, that there is ample time for responses and measures are in place to enable those under disability to participate fully and equally in providing their views. It is not considered at this stage that any individual's Human Rights are adversely affected by the proposal.
- 5.3 Equalities Implications:
The strategy will promote social housing as a platform for reducing inequality and creating opportunity. An equalities impact assessment will be undertaken on the draft Strategy.
- 5.4 Sustainability Implications:
Encouraging fuel efficiency and recycling and reducing the wasted resources that arise from tenancy abandonment will contribute to the UK's Sustainable Development Strategy.
- 5.5 Crime & Disorder Implications:
Tackling financial exclusion will help to reduce illegal money lending activities.
- 5.6 Risk and Opportunity Management Implications:
Financial exclusion affects communities and neighbourhoods and can be a significant barrier to employment and enterprise.
- 5.7 Corporate / Citywide Implications:
Increasing the economic viability of employment and enterprise will require a holistic approach to workforce integration that incorporates housing, childcare, education, health, employment and greater access to financial inclusion services.

SUPPORTING DOCUMENTATION

Appendices:

1. Financial Inclusion Strategy Project Plan

Documents In Members' Rooms

1. None

Background Documents

1. None

Appendix 1: Financial Inclusion Strategy Project Plan

Task no.	Task details	Lead officer/s	Start date	End date
1	Research existing financial inclusion strategies/initiatives/best practice	Yule/Baker/Williams	01/04/09	Completed
2	Meet with CIH FI Adviser	Yule/Williams	02/06/09	Completed
3	Consult with HIMG	Yule/Baker/Williams	29/06/09	Completed
4	Arrange initial project board meeting	Yule/Williams	24/07/09	Completed
5	ASCHOSC discussion paper	Lynn Yule	03/09/09	Completed
6	Organise stakeholder event	Yule/Baker/Williams	01/06/09	Completed
7	Undertake scoping exercise	Yule/Williams	In progress	12/10/09
8	Review draft strategy with HIMG	Yule/Baker/Williams	In progress	12/10/09
9	HMCC discussion paper	Lynn Yule	In progress	12/10/09
10	Complete and evaluate draft strategy	Yule/Baker/Williams	In progress	30/10/09
11	Complete equality impact assessment	Yule/Williams	In progress	30/10/09
12	Review equality impact assessment	Yule/Williams	01/11/09	30/11/09
13	Amend strategy according to outcome of ASCHOSC/Stakeholder Event/HIMG/HMCC	Yule/Baker/Williams	01/11/09	30/11/09
14	Launch and implement strategy	Yule/Baker/Williams		Dec 09