



Financial Inclusion and Capability Strategy

2020-2023

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1.0 Purpose of Strategy

- 1.1 The Financial Inclusion and Capability Strategy sets out why Derby Homes is committed to working with partners to improve resident's ability to manage their money well, what we have done to help our residents address financial pressures, how we currently support our residents and what our future priorities are for tackling financial exclusion.
- 1.2 Improving financial inclusion is regarded as best practice in income and rent arrears management and in helping people maximise their potential and creating sustainable neighbourhoods.

2.0 Introduction

- 2.1 Derby Homes is an Arm's Length Management Organisation (ALMO), created by Derby City Council in 2002, to manage, maintain and improve the Council's housing estates and housing stock that currently stands at around 13,200 properties. In addition, Derby Homes also owns and manages its own properties.
- 2.2 To be able to understand why this strategy is important for Derby Homes and its residents, it is important to understand how people can become financially excluded.
- 2.3 Financial difficulties may be experienced by anybody, at any age, in different guises, and may be an ongoing feature of a person's life or only a passing phase.
- 2.4 Many people are classed as financially excluded if they lack one of or a mixture of; sufficient income, financial and digital skills, knowledge, motivation, attitude and access to affordable financial products, services and technology, to enable them to resolve financial pressures.
- 2.5 New financial pressures compounded by existing issues can cause a downward spiral of financial misery with serious consequences such as the loss of personal possessions or worse still their home and can lead to social isolation and deterioration in their general health and wellbeing.
- 2.6 The ability to maximise and manage income is an invaluable life skill. It is never too early or too late to learn. Being on top of money can set people up for a happier more fulfilled life. It helps people achieve their goals and aspirations and feel more in control of whatever life throws at them:
 - on a day to day basis
 - through significant life events
 - during periods of financial difficulty
- 2.7 Marketing encourages people to spend now rather than save for the future. Every day people are bombarded with marketing messages to spend and

borrow. Many people spend more than they can afford because they feel under pressure to match their friends and family.

2.8 National statistics reveal:

- 1 in 5 people are over indebted (Money Advice Service/ CACI, 2018)
- Around nine million are now over-indebted and supply of debt advice services is still insufficient to meet demand
- 2016 findings reveal that renting a property indicates that you are twice as likely to be over-indebted as those owning their home (25% versus 12%). Around 16 million people in the UK rent their home with one in four (4.1 million) of them living with debt problems. For those renting a social housing property this likelihood increases to nearly one in three (29% versus 21% privately renting).
- Young adults aged 25-34 are the age group most likely to be living with a debt problem. Among 25-34 year olds, one in four live with debt problems (2.1 million) – the highest likelihood of all the age bands. The research shows that the likelihood of debt problems peaks at this age, and doesn't begin to fall significantly until the 55-64 age band. (MAS/CACI, 2018)
- While having children increases the probability of debt problems by more than 50%, the analysis suggests that there is a particularly strong relationship between debt and having three or more children. Whilst 19% of adults with one or two children are over-indebted, this rises to 26% among adults with three or more children.
- At the same time, it is estimated that one in four (28% or 1 million) single parents in the UK are living with problem debt. This is almost twice the national average, and one and a half times more likely than two parent families.
- 21% of Britain's population lack the basic digital skills and capabilities required to realise the benefits of the internet (BBC 2014)
- Just under 10% of the adult population may never be able to gain basic digital capabilities, because of disabilities or basic literacy skills (Government Digital Inclusion Strategy 2014)
- Half of households in the bottom half of the income distribution lack home contents insurance, compared with one in five households on average incomes (Rowlingson, K. & McKay, S.,2014. Financial Inclusion: Annual monitoring report 2014, Birmingham: University of Birmingham).
- Nearly two million adults in the UK do not have a bank account (Rowlingson, K. & McKay, S.,2014. Financial Inclusion: Annual monitoring report 2014, Birmingham: University of Birmingham).

3.0 Objective

- 3.1 Derby Homes overarching financial inclusion objective is to remove barriers and provide opportunities for residents to improve their; confidence, motivation, attitude, skills and knowledge, employability and access to affordable financial products and services. We want to be able to empower residents to make their own sensible money management decisions so that they can achieve their best possible financial wellbeing.
- 3.2 This will help Derby Homes safeguard its income stream, in reducing; rent arrears, evictions, abandoned properties, rechargeable repairs and the writing off of former tenants rent arrears. It is imperative that we maintain our income stream to be able to continue to provide quality homes and services.

4.0 Financial Exclusion – risk to Derby Homes and its residents

- 4.1 Welfare Reforms have posed a risk to Derby Homes' income stream, its residents and communities. There has been growing recognition in recent years of the need to help households build their financial resilience due in part to:
- working age benefits freeze;
 - cuts to the limited capability for work element of Universal Credit;
 - the introduction of the two-child limit on support through child tax credits and the child element of Universal Credit.
- 4.2 The reduction in Housing Benefit direct means that Derby Homes needs to collect more money directly from its tenants. Many tenants face having to cope with making rent payments themselves for the first time, owing to Universal Credit.
- 4.3 In addition many have also faced a reduction in the amount of benefit they receive owing to benefit reductions such as; the Spare Room Subsidy, the Overall Benefit Cap and for the under 35s, the forthcoming reduction in Housing Benefit to be capped at the Local Housing Allowance shared room rate.
- 4.4 Whilst these reductions aim to promote the value of work and independence many residents will struggle to manage their finances on a day to day basis whilst trying to improve their circumstances.
- 4.5 The benefit changes are in addition to existing financial pressures that residents may already be experiencing, such as debt and high energy costs.
- 4.6 Those who secure employment on zero hour contracts face uncertainty and challenges budgeting money, owing to fluctuating hours.
- 4.7 Advances in technology will continually change the way people manage their money. In addition, channel shift means that more and more services are

switching from face to face and telephone contact, to online contact. Many residents who are digitally excluded i.e. do not have the technical ability and/or access to computers and the internet, face being unable to manage their money and improve their prospects.

- 4.8 They may struggle to access; financial products and services, comparison sites, advice and support, choice and savings through online shopping, job applications, job searches and benefit applications. Many will face losing benefit owing to sanctions, by being unable to manage their claimant commitment online in Universal Credit.
- 4.9 There is growing pressure for people to take more responsibility for their lives and to make better plans for their financial futures.
- 4.10 It is crucial that Derby Homes understands resident's needs and works with partners to be able to provide quality advice support and help with overcoming challenges to enable residents to maximise their potential by:
- improving employability – education/skills/qualifications and training
 - securing employment
 - benefit entitlement
 - reducing/managing/preventing debt
 - increasing credit scores
 - accessing affordable financial products and services
 - improving digital skills
 - accessing technology
 - budgeting skills
 - affordable warmth
- 4.11 Derby Homes recognises that, in addition to financial pressures having a detrimental impact on the health and well-being of residents and their families that can lead to social exclusion, they can also have a negative effect on communities, including a rise in; crime levels, unemployment, homelessness, domestic violence, poverty, evictions, door-step lender activity, loan sharks, burglaries, anti-social behaviour, low educational achievement and re-offending rates. Financial Exclusion puts a strain on the NHS, the police force, other services in the public, private and voluntary sectors and restricts economic growth.
- 4.12 Derby Homes recognises that different levels of intensity and types of interventions are required across the City. It is important to identify financial difficulties at an early stage to prevent issues from escalating in addition to preventing repeated debt issues.

5.0 The Current Position

- 5.1 Maximising income and welfare benefits
Improving access to affordable financial products and services
Reducing/Managing Debt

Derby Homes will continue to:

- Signpost residents for Bank/Credit Union accounts and low cost borrowing
- Help tenants with benefit claims/calculations.
- Encourage residents to obtain household contents insurance.
- Refer residents for Derby Homes Intensive Housing Management, Tenancy Sustainment and Complex Needs support and to external organisations as required.
- Deliver benefit campaigns.
- Provide Money Advice surgeries at local housing offices.
- Refer residents to Derby Homes teams and external organisations for debt and low level budgeting advice and promote advice services through Derby Homes website.
- Refer residents for Welfare Rights advice, relating to income maximisation through benefit entitlement and support with appeals and tribunals
- Refer tenants to the D2N2 'Money Sorted' project hosted by Derby Advice for in depth budgeting and financial capability support for those furthest away from the workplace
- Promote awareness of Loan Sharks, Pay Day Lenders and other lenders charging high interest rates and work with the East Midlands Illegal Lending Unit to limit exploitation by illegal money lenders.
- Contact prospective tenants at property offer stage to carry out rent calculations, complete financial statements and make referrals where necessary.
- Continue to help residents to downsize to avoid the spare room subsidy, apply for Council Tax Support and Single Discretionary Awards for Council Tax Hardship, the Local Assistance Scheme and Discretionary Housing Payments.
- Provide advice and guidance for residents affected by welfare benefit changes.

5.2 Energy efficiency and creating warmer homes

The following work is designed to help residents save money, reduce their carbon footprint and provide warmer and cost effective homes:

Derby Homes has:

- Installed solid wall insulation, in pre-war properties, mostly financed through external funding.
- Installed cavity wall insulation, mostly financed by external funding.
- Installed A or B rated gas combination boilers.
- Installed solar panels on 1000 properties, estimating a current reduction of between £100 - £200 in household's yearly energy costs.
- Installed solar panels at Rivermead House that have reduced resident's communal area electricity costs.
- Provided all Derby Homes properties with gas supplies, with the exception of Rivermead House where we have installed air source heat pumps during 2017/18.
- Fitted all properties with UPVC double-glazing since the late 1980s.
- Started a programme to replace all old, timber doors with high security composite doors by 2022.
- Improved loft insulation in our properties over the last five years, by securing external funding. .

Derby Homes plans to:

- Install external wall insulation to the Wimpy No-fine flats at Mackworth in 2020/21 and 2021/22.
- Install solar panels on suitable new build properties to increase Standard Assessment Procedure (SAP) ratings, where applicable.
- Continue to complete energy efficiency assessments in resident's homes, show them how to use heating systems economically, give advice on water meters and usage, provide face to face energy advice and attend meetings in the community giving advice about supplier's energy saving schemes and how to shop around for more competitive energy tariffs.
- Derby Homes will continue to install energy efficient gas combination boilers at properties, where new gas supplies have been installed and assist residents in the process of having meters installed and give advice on how best to use the new heating systems.

- Promote energy saving benefits of having Smart Meters installed in resident's homes. RAM energy is actively installing Smart meters to all void properties, where possible.
- Currently installing air source heat pumps to the vulnerable residents at Kestrel House
- All future New Build schemes to have renewable heating technology installed, which could be either Air to Water air source heat pumps or ground source heat pumps

5.3 Apprenticeship, Traineeship and Volunteering Initiatives

Derby Homes will continue to:

- Offer trade and business administration apprenticeships, in conjunction with local training providers.
- Attend the 'Just Imagine Working Here' event at Derby City Council, where school students learn about working for Derby Homes.
- Help deliver CV skills and interview technique workshops at Derby schools and promote Derby Homes apprenticeships, in conjunction with Derby City Council, training providers and local employers.
- Provide traineeship opportunities for young people leaving care to enable them to gain valuable work experience, for a period of up to six months.
- Offer volunteering opportunities such as; cleaning at Milestone House, helping at Milestone Outlet and being involved in the Tenant Panel and Youth Board.

5.4 Communicating financial inclusion initiatives to residents

Derby Homes will continue to:

- Use current methods of communication such as the Derby Homes website, Derby Homes News, texting and social media and identify and use initiatives that have the biggest potential to create an impact and deliver lasting improvements for Derby Homes and its residents

The work detailed within this section is not included in the separate Financial Inclusion and Capability Action Plan because it is included in other Derby Homes strategies and therefore monitored separately.

6.0 Future Priorities

- 6.1 Details of Derby Homes future priorities for tackling Financial Exclusion can be found in the Financial Inclusion and Capability Action Plan.

7.0 Implementation

- 7.1 The Financial Inclusion and Capability Action Plan provides a working document for Derby Homes staff to follow. It details specific, measurable, agreed, realistic and time-based (SMART) targets and which officers/teams will be responsible for achieving them.

8.0 Outcomes / Benefits

- 8.1 By achieving its financial inclusion objectives Derby Homes aims for the following outcomes:

- 8.2 Households will benefit by:

- Enjoying decent financial health and overall physical/mental health and wellbeing.
- Having the skills, knowledge and motivation to be able to access and choose the best affordable financial products and services that suit their needs.
- Understanding the importance of dealing with financial pressures in a timely manner and the importance of saving for the future and unexpected financial pressures.
- Improving skills to be able to secure employment and improve their future prospects.
- Having adequate computer skills and access to the internet to be able to; save money through price comparison websites, access job searches and apply for benefits online.
- Sustaining their tenancies.
- Being able to budget and manage their finances.
- Maximising their income through employment/benefit entitlement.
- Reducing and/or managing existing debt.
- Knowing how to access Charitable Trust Grants and the Single Discretionary Housing Award.
- Passing good money management techniques to younger generations.

- Living in warm and affordable homes.
- Having the peace of mind that their household contents is insured.
- Having a positive attitude to be able to achieve their hopes and aspirations.

8.3 Derby Homes will benefit by:

- Protecting its income stream by reducing; rent arrears, rechargeable repairs, former tenants arrears, hard to let properties, evictions, court costs and loss of rental income through voids. This will enable Derby Homes to continue to provide quality homes and services.
- Creating community sustainability by reducing crime levels, anti-social behaviour, domestic violence, re-offending rates, burglaries, unemployment, poverty, noise nuisance, vandalism, door-step lender activity, loan sharks and pay day lenders.

8.4 Derby City Council will benefit by:

- Reducing pressure on its homelessness duty and associated costs of temporary accommodation, by creating sustainable tenancies and communities.
- Reducing Council Tax arrears, court hearings and costs.
- Empowering residents to self –serve

8.5 Wider benefits are:

- Helping the economy to prosper and grow.
- Reducing the burden to the NHS and other services.
- Helping to reduce the impact of Climate Change by reducing resident's carbon footprints.

9.0 Ownership, Monitoring & Review

The Head of Finance and Income is responsible for the Financial Inclusion and Capability Strategy and associated Action Plan and co-ordinating regular review and revision.