



**Innisfree**  
Housing Association

# Financial Inclusion Strategy

September 2009



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# 1. Introduction

Financial exclusion has become a major public policy issue within the UK with between 5 and 8 million people already suffering from exclusion. In a more uncertain, unpredictable financial world, millions more are particularly vulnerable and face more difficult financial futures as the mainstream market abandons perceived unprofitable and riskier consumers.

This has a growing significance for the social housing sector, as seven in ten of those affected by financial exclusion are either local authority or housing association tenants. By getting involved in financial inclusion work, many housing associations across the country are already seeing widespread benefits to their residents, the communities they operate within and the associations themselves.

For some it is simply a social issue, supporting their residents to improve their finances and therefore their well-being. It also makes good business sense as it is seen to help cut rent arrears, reduce court actions, evictions and resident turn-over as well as helping to produce more settled and sustainable tenancies that are more likely to pay their rent. Moreover, central government and other policy makers are placing greater emphasis on housing associations to demonstrate their financial inclusion efforts. All of which makes a convincing argument for associations to address this challenge.

Innisfree Housing Association has already identified that financial inclusion issues, including extortionate home-collected credit, rent arrears and household over-indebtedness, are affecting its 500 plus households but also the broader communities in which they live. It is already undertaking various activities that can be seen to help tackle the problem but has realised that a larger, more co-ordinated response could have a much greater impact.

Consequently, Innisfree Housing Association has developed this comprehensive Financial Inclusion Strategy that attempts to understand the financial inclusion needs of its residents, reviews existing service provision to help identify gaps and improvements to delivery, identifies good practice within the sector and finally details the range of appropriate activities that will be implemented and allocates responsible individuals, resources and timescales for delivery.

## 2. Aims and Objectives

### 2.1 Aims:

Innisfree Housing Association's financial inclusion strategy aims to:

***'reduce the levels of financial exclusion amongst Innisfree Housing Association residents in order to help sustain tenancies and help improve the financial wellbeing of residents, household and the local communities where they live.'***

### 2.2 Objectives:

The aims of the financial inclusion strategy will be achieved through the following:

1. Increasing incomes
2. Developing a savings culture
3. Improving access to affordable financial services
4. Raising financial skills and literacy
5. Increasing spending power

### 3. Methodology

The Innisfree Housing Association Financial Inclusion Strategy was researched and produced by GRE Consulting between May 2009 and July 2009 with ongoing project management support provided by Matthew Wicks, Housing Director at Innisfree Housing Association.

The methodology for the Financial Inclusion Strategy has focused on the following areas:

#### 3.1 Research into financial inclusion good practice within the housing sector

As a starting point for the production of the financial inclusion strategy, comprehensive desk-based research was completed.

A number of existing studies and research documents that look at the role housing associations can play in tackling financial exclusion have been analysed, including:

- *Social Exclusion Task Force - Housing & Debt Fact Sheet*
- *Social Enterprise Institute (2001) - Financial Exclusion and Homelessness.*
- *Housing Corporation (2001) - Insurance for all: a good practice guide*
- *Building Societies Association (2002) - Partnerships for financial inclusion: housing associations and financial institutions.*
- *Housing Corporation and Community Finance Solutions (2002) – Community Access to Money: Housing associations leading on financial inclusion.*
- *Chartered Institute of Housing (2005) - Breaking Free: Financial Awareness and the Role of Social Landlords.*
- *Dept on Our Doorstep (2005) – Scaling Up Financial Inclusion: A National Strategy for expanding access to affordable credit and financial services.*
- *Centre for Housing Policy (2005) - Homelessness and Financial Exclusion: A Literature Review.*
- *Community Finance Solutions (2006) – Community Access to Money: Social Housing Landlords Reaping the Benefit*
- *Chartered Institute of Housing (2006) – Life After Debt: Residents, Social Landlords and Financial Inclusion.*
- *National Housing Federation (2007) - Credit where credit's due.*
- *Toynbee Hall (2007) Widening the safety net - Learning the lessons of insurance with-rent schemes*
- *TRANSACT (2008) - Making the link: The business case for social landlords investing in financial inclusion.*
- *TRANSACT (2008) - Making the link: Engaging Social Landlords in Financial Inclusion.*
- *Chartered Institute of Housing (2008) - Save with Rent: How social landlords can help deliver Saving Gateway.*

The financial inclusion strategy also reviewed the following financial inclusion websites; Chartered Institute of Housing, National Housing Federation, Now Lets Talk Money, Services Against Financial Inclusion (SAFE) and TRANSACT.

### **3.2 Consultation with key individuals within Innisfree Housing Association**

An important part of the production of the strategy was consultation with key members of both management and frontline staff who deal with resident issues. As part of the process, meetings were held with a range of staff members in order to establish the potential scale of the problem, what activities are already taking place, identify potential solutions and ensure that these are practical and can be implemented. These meeting included:

Clare Winstanley – Chief Executive  
Liam O'Shaughnessy – Finance Director  
Matthew Wicks – Housing Director  
Mairead Mooney – Technical Services Director  
Jim Sheeran – Supported Housing Manager  
Jean O'Rourke – Housing & Support Officer  
Dave Lowe – Housing & Support Officer  
Suzanne Hunter – Housing & Support Officer  
Sarah Ruddock – Housing Officer  
Deidre Fehilly – Housing Officer  
Cecilia Greene – Scheme Manager  
Saoirse Keating – Supported Housing Officer

A presentation was also delivered to the Board of Innisfree Housing Association on Tuesday 12 May 2009.

### **3.3 Review of relevant internal documents, statistics and information**

To help gauge existing work together with the potential levels of debt amongst Innisfree Housing Association residents, a number of internal reports, statistics and information were also reviewed. This included the Innisfree staffing structure, rent arrears policy and procedure, new tenancy procedures and documents, Innisfree property levels and locations, Quality Assessment Framework – Core Service Objectives, Annual Report 2008, Business Plan 2009-14, Future Directions 2005 and the current levels of court proceedings and eviction figures.

### **3.4 Consultation with relevant external organisations**

Contact was been made with a number of external organisations including Capitalise, Toynbee Hall, SAFE, Camden Plus Credit Union and Brent Council.

## 4. Background - Financial Exclusion

Despite having one of the most diverse financial services sectors in the world, there remains a significant minority of people who still do not have access to appropriate financial products, with around 1.9 million households (8 per cent of households) not having access to any kind of bank account and a further 4.4 million (20 percent of households) having little more than an infrequently used account<sup>1</sup>.

At the end of May 2009, the total UK personal debt stood at a staggering £1,459bn billion. Average household debt in the UK has escalated dramatically and now stands at £9,305 (excluding mortgages) and £58,360 (including mortgages). The amount of interest being paid by each household on their total debt is approximately £2,650 each year<sup>2</sup>. In contrast, savings in the UK are very poor with 48% of the UK population having no savings to speak of and half of the population having insufficient provision for retirement (with 60% of these having no investments what so ever).

### 4.1 What is Financial Exclusion?

Financial exclusion can be described as:

*'The inability of individuals, households or groups to access financial products or services in an appropriate form, such as a bank account, affordable credit, savings, insurance, assets financial education and money advice<sup>3</sup>.'*

Financial exclusion occurs when individuals are excluded from accessing financial products and services because the cost of the service is expensive relative to their income. Individuals can be excluded by a lack of knowledge on how or where to obtain services, or because they do not wish to engage with financial institutions because they believe they will be refused financial services or products. Individuals can also be excluded because of where they live, for example, areas with high crime rates can make financial products such as home insurance unaffordable. Major financial institutions can also 'red line' areas, effectively excluding individuals by making financial products less accessible.

### 4.2 Who are the financially excluded?

Extensive research into the characteristics of financially excluded individuals enables a detailed profile to be formed of their attributes. Being on the margins of financial services depends mainly on social and economic factors of who you are and your financial circumstances<sup>4</sup>.

The following groups are shown to be more likely to be financial excluded in terms of lacking access to basic banking facilities, affordable credit and are most in need of face-to-face money advice<sup>5</sup>:

- **People living in socially rented accommodation:** Those living in social housing are much more likely to be at, or on the margins of financial exclusion. Research shows that as many as

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1 HM Treasury 2005/06

2 Credit Action, (2009) - Debt Facts and Figures – July 2009.

3 HM Treasury (1999) - Access to Financial Services: PAT 14. HM Treasury, London.

4 Kempson, E and Whyley, C, (1999) - Kept Out or Opted Out: Understanding and Combating Financial Exclusion, Bristol Policy Press.

5 HM Treasury (2004) - Promoting Financial Inclusion, HM Treasury, London.

84 per cent of financially excluded people are likely to be living in either housing associations or local authority accommodation<sup>6</sup>.

- **People in receipt of state benefits:** The majority of households in the UK with no banking facilities are in receipt of some form of state support or benefit payment with;
  - 64 per cent receiving council tax benefit,
  - 62 per cent receiving housing benefit,
  - 48 per cent receiving Income Support or the Minimum Income Guarantee, and
  - 8 per cent receiving Job Seeker's Allowance.
- **People who are unemployed or on a low income:** There is a fundamental underlying relationship between financial exclusion and poverty with those who are unemployed or on a low income are shown to be more likely to experience exclusion. More than half of all households in serious debt have incomes of less than £7,500 a year<sup>7</sup>. Moreover, the longer the head of the household has been out of work, the greater the chance of that household being excluded from appropriate financial products<sup>8</sup>.
- **Lone parents:** There is strong evidence that lone parents are over-represented in the population of the financially excluded, relative to their proportion in the population as a whole. Approximately a fifth of households with no access to bank accounts are lone parents, roughly double the proportion of the population as a whole.

### 4.3 Impacts of financial exclusion

Financial exclusion is seen as a cause and reinforcer of deprivation and can lock households into a cycle of poverty and exclusion. This isolation of low income socially excluded individuals and communities raises the cost of public services and increases the deprivation gap between areas of deprivation and non deprivation.

The impact of financial exclusion on individuals can often be devastating and take a very long time to address. It is seen to cut across all forms of social exclusion and deprivation issues with a strong body of research directly linking financial exclusion to increasing social inequalities. The personal and household impacts of financial exclusion include:

- barriers to accepting a job, as employers want to pay direct into a bank account,
- insecurity of keeping cash, leaving the individual exposed to loss or theft,
- cost of using cheque-cashing facilities,
- higher cost of bill payment and no access to related discounts,
- costs of withdrawing cash at fee charging ATM machines (low income groups are four times more likely than higher income groups to withdraw small amounts of cash frequently – effectively incurring charges of 10-15% for accessing their money)
- no access to affordable credit to smooth the impact of large purchases or emergencies,
- high cost of home credit and other sub-prime lender (who charge between 164% and 2,000% APR for interest on loans),
- lack of safety net provided by insurance and savings, and
- financial exclusion becoming intergenerational with limited experience of financial products.

<sup>6</sup> Newcombe R, Cox A, Neuberger J and Whitehead C, (2002) - Partnerships for financial inclusion: housing associations and financial institutions, Cambridge University.

<sup>7</sup> Kempson E, (2002) - Over indebtedness in Britain, Department of Trade and Industry. London.

<sup>8</sup> Kempson E and Whyley C, (1999) - Kept Out or Opted Out: Understanding and Combating Financial Exclusion, Bristol Policy Press.

As a result of financial exclusion in the UK, those vulnerable households affected pay between £800 and £1,000 extra each year per annum through higher cost of borrowing, higher bills, additional charges, lack of access to cheaper deals.

Individuals can as a result of financial exclusion suffer from other forms of deprivation such as health problems including depression, stress and anxiety leading to alcoholism and drug addiction as coping mechanisms, resort to crime or re-offending to pay off debt. It also acts as a barrier to employment because individuals either do not have a bank account to receive their wages or are unable to achieve salary levels that would allow them to either pay off or manage their debt.

Financial exclusion and debt based poverty is a major cause of family breakdown and can have a devastating effect on the life chances of families and children. It can also result in poor housing or homelessness and can affect the choices of families, for example choosing cheap as opposed to healthy foods. It can also impact upon the health of children and families and can often reinforce low educational attainment and skill levels and can increase the number of lone parent households through divorce or separation.

Widening access to financial services is now seen as an essential policy vehicle at both government and local authority levels, providing a pathway out of poverty and exclusion for individuals as well as communities. Lack of access to financial services and products can undermine the efforts of both individuals and external organisations to overcome other forms of exclusion within an area. People and sometimes whole communities can be genuinely disadvantaged by a lack of access to financial services, which is why tackling financial exclusion should be a key part of any strategy to reduce poverty within an area.

## 5. Financial exclusion and housing associations

As touched upon in the previous section, there is a growing body of research that shows people living in social housing are more likely to be at, or on the margins of financial exclusion. Of the poorest 10% of households in the UK, 51% live in social rented housing and this reflects in the levels of extremely high proportion of social housing tenants suffering from financial exclusion.

Approximately 8 in 10 of those who are financially excluded in the UK live in either housing association or local authority accommodation.

Other relevant indicators include:

- 24% of social housing tenants have no bank account – twice the national average,
- 3 million people borrow at 164% APR or more from the home credit industry – 70% of these are social renters,
- 9% of social housing tenants admit to having arrears,
- 81% have no savings account, and
- 91% have no insurance cover.<sup>9</sup>

The Citizens Advice Bureau also suggests the proportion of social rented tenants amongst their debt service users is twice as high as in the general population.

The social housing sector has already developed considerable experience and expertise in regenerating deprived communities and so the promotion of financial awareness could be seen as the next step in developing a more comprehensive and joined up approach to tackling this problem. Over 100 housing associations are shown to be involved in local and national initiatives to promote financial inclusion<sup>10</sup>.

There is growing research and policy documents being commissioned and published by the likes of the Housing Corporation (now Homes and Communities Agency (HCA) and Tenant Services Authority (TSA)), the Chartered Institute of Housing and the Financial Services Authority that are demonstrating the benefits of delivering financial inclusion work and the specific activities that they believe social landlords could be implementing to widening access to financial services.

### 5.1 Why should Innisfree be addressing financial exclusion?

The reasons why social housing providers should be involved in promoting financial inclusion flow not just from their general social commitment to improving their resident's lives, but also because of the increasing pressure being placed by government/policy makers and the fact it makes sound business sense. By prioritising financial inclusion work, Innisfree Housing Association will bring benefits for its residents, its local communities and the organisation itself.

#### **Organisational benefits:**

Because of the established link between financial exclusion and housing association residents, an ever increasing emphasis is being placed on social landlords to demonstrate financial inclusion efforts for all their residents. As a result, they are being increasingly expected to have a central role in the delivery of financial inclusion work because of the heavy concentration of the financially excluded among their residents.

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<sup>9</sup> National Housing Federation (2007) - Credit where credit's due.

<sup>10</sup> Community Finance Solutions (2006) – Community Access to Money: Social Housing Landlords Reaping the Benefit.

Demonstrating such activities is expected to become an ever more important element of future audit commission inspections for housing associations. The Audit Commission's 'Key Line of Enquiry' on housing management is concerned not only with rent and service charge recovery but also the quality of service and the access, customer care and service user focus it offers, including work such as debt advice. Housing associations are required to operate good arrears practices and use eviction only as a last resort. But arrears are generally one element of multiple debt problems that often get out of hand. The Audit Commission is promoting the need for housing providers to rethink strategy and practices when dealing with rent arrears that not only emphasises enforcement but also preventative measures to avoid residents getting into financial problems in the first place.

Given current trends in housing finance and Government policy, it is important that Innisfree prioritise tackling financial exclusion amongst its residents.

### **Social benefits:**

A compelling reason for Innisfree to address financial inclusion is a social one. By implementing and supporting a range of financial inclusion initiatives, it can make a significant contribution to the wellbeing of its residents and the communities in which they live. Tackling financial exclusion in the communities it serves should be viewed as a natural extension of its community development work, helping fulfil its ultimate objective of helping build and sustain healthy neighbourhoods that people want to live and stay in.

### **Business benefits:**

Another reason is that by offering financial inclusion support for residents, Innisfree can realise a number of business benefits. Financial inclusion work has been shown to have significant benefits for housing associations by reducing rent arrears. Research shows that financially included residents are more likely to be stable and are more likely to pay their rents. The Audit Commission report "Housing Association Rent Income", published in May 2003, identified that those landlords who provide specialist guidance on welfare benefits and debt management or wider financial inclusion measures were able to demonstrate significant success in preventing and controlling arrears<sup>11</sup>.

At any one time, around 500,000 (25 per cent) of social housing residents are behind with their rent<sup>12</sup>. The resulting loss of income affects cash flow, and less money is available for managing and maintaining homes. Moreover, there is lost income through the write-off of former tenant arrears.

Eviction and court fees can be costly with the cost of evicting a tenant being up to £6,000 and approximately £2,000 for court action<sup>13</sup>. Constant turnover of residents can affect community stability but also have a financial cost for social landlords with each failed tenancy costing around £1,300<sup>14</sup>. There are also additional staffing costs such as the diversion of staff dealing with arrears and repossession actions, repairing and securing voids, and re-letting properties.

Tackling the root causes of debt and other aspects of financial exclusion amongst its tenants will help Innisfree to reduce rent arrears and prevent them happening again.

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11 Audit Commission (2003) - Housing Association Rent Income: Rent Collection and Arrears Management by Housing Associations in England.

12 Community Finance Solutions (2006) – Community Access to Money: Social Housing Landlords Reaping the Benefit.

13 Housing Corporation (2006) – Community Access to Money: Reaping the Benefit.

14 Pawson H, Donohoe T, Littlewood M, Munro M, Netto G, Wager F (2006) – Tenancy Sustainment in Glasgow.

## **6. Innisfree residents and the potential scale of Financial Exclusion**

### **6.1 Innisfree Housing Association – background**

Innisfree was formed in 1985 to meet the housing needs of homeless and poorly housed Irish people living in London and registered with the Housing Corporation in 1989.

Over the past 20 years it has gone through a period of steady growth to become a well-established and highly regarded social housing provider. It now has nearly 475 general needs properties, mainly spread across North and West London. It also delivers a range of supported housing services to its customers including sheltered housing for Irish elders.

### **6.2 Innisfree Housing Association residents – key demographic characteristics**

An overview of the customer profile for all Innisfree Housing Association residents has been extracted from 2007 STATUS survey.

As an Irish-led housing association, it is no surprise that three quarters of Innisfree HA tenants described themselves as “White Irish” tenants (76%), while a further fifth were either ‘White British’ (18%) or ‘White Other’ (1.8%). According to the Housing Corporation’s definition, which includes White Irish and White Other tenants, 81% of households are classified as Black and Minority Ethnic (BME) households.

It demonstrates that its resident population is relatively stable with nearly half of the tenants having been with the Innisfree for between 3 and 10 years (47%) and a further third of tenants being long-standing tenants (34%), having been with Innisfree for over 11 years.

The composition of the households shows that nearly half of households (49%) are adult only households (people aged under 60 years old), while there are only 14% being pensioner only households. Families are found in just over a third of the households (35%) and there are more one-parent families (25%) than two-parent families (10%).

Levels of long-term ill-health and disability amongst Innisfree Housing Association residents are high with 47% of households having a member who is either disabled or a long-term health problem.

Levels of income deprivation are high amongst Innisfree Housing Association residents. 84% of household have a weekly income under £299 per week (approx £15,550 per annum). This is also reflected in the low levels of employment, with only 26% of heads of Innisfree Housing Association households currently in some level of paid employment (either full-time or part-time). Unsurprisingly, levels of state benefit are extremely high with 79% of households receiving state benefits - 63% are wholly reliant on benefits with another 16% of households on partial state benefits. Virtually all of the households receive housing benefit (99%), of which 76% are on full housing benefit and 23% on partial.

### **6.3 Potential scale of financial exclusion amongst Innisfree Housing Association residents**

Without undertaking comprehensive research and consultation with Innisfree tenants to assess issues such as usage of bank accounts, debt levels, sub-prime borrowing and insurance take-up, it is difficult to determine the exact level of financial exclusion amongst Innisfree Housing Association tenants. During the planning of the next Tenants Survey, it is highly recommended that Innisfree incorporates a number of suitable financial inclusion related questions to develop better financial profile of its tenants.

Despite this, Innisfree Housing Association already has at its disposal a range of information that should help establish the potential scale of financial exclusion amongst its tenants.

The demographic profile of its tenants indicates that financial exclusion is likely to be a major issue amongst its tenants. As demonstrated above, Innisfree has extremely high proportions of tenants with the characteristics of those most likely to be affected by financial exclusion:

- Extremely high levels of household with relatively low-incomes,
- High levels of economic inactivity from unemployment, disability and ill-health,
- Almost all households are in-receipt of some form of state benefit, and
- Large concentrations of single-parent families.

Moreover, the financial statistics gathered by the association also help establish a picture of high levels of financial exclusion amongst Innisfree tenants.

The main identifier of the number of Innisfree residents with serious financial issues around debt are the rent arrear figures across the organisation. If a tenant is falling behind with a priority debt such as their rent and risking losing their home, it is likely that they have a number of other debts and financial problems hidden behind this.

At 31 March 2009, the total number of tenants with some level of rent arrears stood at 424, which accounts for 88% of all residents. When the level of rent debt is examined those households with serious rent arrears (rent arrear cases above £500) stood at 102 households, which constitutes 21% of all households. This breaks down as follows:

- Rent arrears between £500 and £999                      64 households (13% of Innisfree households)
- Rent arrears above £1,000                                      38 households (8% of Innisfree households)

There were a total of 90 Notice Seeking Possession (NOSPs) in place at 31 March 2009. This led to 10 court orders during the period, culminating in one eviction due to rent arrears. Using the potential cost implications for housing association of court action and evictions identified by TRANSACT (2008)<sup>15</sup>, this would have cost the organisation a total of £26,000.

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<sup>15</sup> TRANSACT (2008) - Making the link: Engaging Social Landlords in Financial Inclusion.

## 7. Existing financial inclusion work already being undertaken

It is important to recognise and build upon existing financial inclusion services and activities that Innisfree Housing Association is currently delivering. In particular, the strategy seeks to build upon the following work:

### 7.1 Advice and support

- **Indirect signposting to local support organisation - debt advice:**

Innisfree Housing Association residents are informally signposted to local organisations providing support services, such as local Citizens Advice Bureaus, London Irish Centre (Camden) and Brent Irish Advisory Service. However, this appears to be undertaken on an ad hoc basis and is reliant on the knowledge of each individual staff member.

There are opportunities for Innisfree Housing Association to work more closely with a debt advice agency such as Capitalise to offer more direct debt advice appointments with residents.

An excellent range of leaflets and information are also displayed within the Innisfree office providing information on a range of services such as training, employment and general advice services for Irish residents. Information is also provided for a number of money and debt advice initiatives.

- **Personal support to access housing benefit:**

Housing and Support Officers currently provide support to all tenants to help access housing benefits, including assistance to complete housing benefit forms (where necessary).

- **Floating support:**

Strong referral services are already in place for vulnerable Irish adults over the age of 18 years living in Brent that enables them to maintain their independence in their own home. A range of housing related services are provided including support with debt and money issues together with income maximisation advice to ensure residents are claiming their full benefit entitlement. Support services for issues such as gambling, alcohol and drug misuse are also provided

### 7.2 Financial services

- **Friends of Innisfree Housing Association - hardship grants:**

Helps provide one-off hardship grants to help some of the most vulnerable tenants for things such as paying for the costs of moving into a new home, emergencies and cases of extreme hardship.

- **Promotion of credit union services:**

Innisfree has already recognised the important role that credit unions can play in the financial well-being of its tenants. It has already featured an article on credit unions within its newsletter and has allowed representatives from Camden Plus Credit Union (CPCU) to present to staff.

The key issue is the lack of universal credit union coverage for Innisfree tenants, particularly in Brent and to a lesser extent Haringey and Enfield, where there is currently no credit union coverage. The most cost-effective and sensible solution would be for Innisfree to work with CPCU to take advantage of the forthcoming changes to UK Credit Union legislation. This would

allow an application to be made to the Financial Services Authority to allow every Innisfree tenant to be able to join CPCU, no matter which borough they live. This would have the benefit of offering a single point of access for all tenants across all boroughs that Innisfree operates, making promotion and understanding of credit unions less complicated and enable everyone to take advantage of the modern services offered by CPCU.

### 7.3 Rent arrears policy

- Innisfree Housing Association has an established rent arrears policy in operation which is administered and implemented by the Housing and Support team. This takes account of current best practice to maximise rent payments and recovery but also looks to sustain the tenancy of its residents. Currently, there is limited incorporation of direct advice and support provision within the rent arrears process to help those finding it difficult to pay their rent.
- Establish contact with those in rent arrears and undertake arrears agreements to reschedule repayments.
- Implementation of All Pay cards for tenants from 30 September 2009 providing an alternative and simple method of paying their rent.

### 7.4 Other services

- **Household visits for new residents:**

New residents receive an initial household visit by Housing and Support Officer to go through a lettings checklist. Relevant areas covered include; support to access housing benefits, assistance to complete housing benefit forms (where necessary), outlining the key arrears of rent payment, utility sign-up, basic financial information. Settling-in visits are undertaken after three weeks to identify any problems or additional requirements.

One additional idea to support tenant understanding of paying rent was to have a 'mock' rent statement to help tenants better understand rental issues.

Staff also identified that these follow-up visits should be utilised for financial support as new tenants have little time or tolerance at the initial appointment. Options could include advice and sign-up with the credit union, opening basic bank accounts, home contents insurance, utility switching and accessing money support.

- **Employment and training support – Safe Start**

Innisfree Housing Association already makes good use of Safe Start, a community project supporting the Irish community. This provides a wide range of general support but is particularly useful for training and employment advice.

- **Affordable Warmth Strategy – tackling fuel poverty**

The organisation is already implementing a strategy to tackle fuel poverty amongst its tenants. It aims to ensure that all residents are able to afford to heat their homes to the level required for comfort and health. Activities have included; articles providing relevant information within the quarterly newsletter, renewing boilers and improving energy efficiency of Innisfree stock.

## 8. Financial Inclusion Plan (2009 – 2011)

Objective 1 - Increasing incomes					
Ref	Key Service / Project	Actions	Lead	Resources	Timescale
1.1	Develop Innisfree's staff knowledge of welfare benefits to assist in providing advice.	Greater training for frontline staff on basic benefit maximisation and financial issues. See 5.1	Matthew Wicks	See training section 4.1	Jan 2010 – Dec 2010
1.2	Pilot one to one income maximization sessions for selected tenants using referrals to CHAS CL	<p>CHAS CL is an independent charity providing income maximisation services for social housing tenants (<a href="http://www.chascl.org.uk">www.chascl.org.uk</a>) . It delivers one to one advice to help assess and claim welfare benefit entitlements.</p> <p>A pilot of 15 Innisfree tenants should be referred to CHAS CL for income maximisation support. The results should be reviewed to determine if it provides value for money and a further contract should be rolled out.</p> <p><b>Stuart Freeman – Director Advice Services</b>            Phone: 0207 723 5928      Email: <a href="mailto:advice@chascl.org.uk">advice@chascl.org.uk</a></p>	Matthew Wicks	£4,500	Apr 2010 - Sep 2010
1.3	Review and improve the new tenancy process to help and improve identification of those requiring welfare benefit support.	Confirm documents to be brought to the signup interview, including proof of income to ensure a housing benefit assessment can be completed on the day.	Matthew Wicks	-	Jan 2010 - Apr 2010
1.4	Continue links with employment / worklessness organisations/agencies in local areas.	<p>It is essential to improve information available to residents about local (and national) support available to access and improve their employment opportunities.</p> <ul style="list-style-type: none"> <li>• Research should be undertaken to identify additional such organisations.</li> <li>• Information should be promoted amongst Innisfree staff and generally marketed to residents.</li> </ul>	Matthew Wicks	-	Jan 2010 - Apr 2010

## Objective 2 - Developing a savings culture

Ref	Key Service / Project	Actions	Lead	Resources	Timescale
2.1	Promotion of the benefits of saving to Innisfree residents.	General marketing amongst residents that demonstrates the benefits of savings and the best methods.	Matthew Wicks	-	Oct 2009
2.2	Maximise uptake of Child Trust Fund.	<p>Provide general advice and information to residents to ensure that all residents with children born after 01 September 2002 take advantage of the £250 Child Trust Fund and learn how they can invest it.</p> <ul style="list-style-type: none"> <li>• Article in Innisfree Newsletter.</li> <li>• Innisfree to obtain and distribute CTF literature.</li> <li>• Provide link to CTF <a href="#">website</a> on Innisfree website.</li> <li>• Increase staff awareness of CTF.</li> </ul>	Matthew Wicks	-	Oct 2009
2.3	Ensure Innisfree residents benefit from the 'Savings Gateway Programme'.	<p>The introduction of the Government's 'Saving Gateway Programme' in 2010 will bring widespread opportunities to match resident's savings with government funding.</p> <p>Innisfree needs to keep up to date with its implementation (<a href="http://www.hm-treasury.gov.uk/saving_gateway.htm">http://www.hm-treasury.gov.uk/saving_gateway.htm</a>) and ensures that it raises awareness of this programme and supports residents to access.</p>	Matthew Wicks	-	Apr 2010

### Objective 3 - Improve access to affordable financial services

Ref	Key Service / Project	Actions	Lead	Resources	Timescale
<b>Credit Union Services</b>					
3.1	Apply to the FSA to become associated with Camden Plus Credit Union ensuring all Innisfree residents can access a single CU service.	<p>As soon as the changes to CU legislation have been implemented by the FSA (early 2010), Innisfree should become one of the first housing associations to make an application to become associated with CPCU and enable all Innisfree tenants to access this service.</p> <p>Innisfree should continue to closely liaise with CPCU so that it is kept up to date on the legislative changes and the requirements for any application.</p> <p><b>James Richards – CU Manager</b>            347 Royal College Street, London, NW1 9QS            Phone: 020 7482 3505            Email: <a href="mailto:james@camdenplus.co.uk">james@camdenplus.co.uk</a></p>	Jim Sheeran / Liam O'Shaughnessy / CPCU	-	Apr 2010
3.2	Proactively maximise the number of Innisfree residents becoming members, and benefiting from CPCU services.	<p>Actively promotion of credit union services including:</p> <ul style="list-style-type: none"> <li>• Contact made with CU to determine areas of possible partnership working.</li> <li>• Obtain current marketing/promotional literature.</li> <li>• Display CU literature at all Innisfree outlets and notice boards.</li> <li>• Article in Innisfree Newsletter – inclusion of literature.</li> <li>• Inclusion of appropriate CU literature within resident induction pack.</li> <li>• Inclusion of appropriate CU literature within rent arrears.</li> </ul>	Jim Sheeran	-	Apr 2010 - Dec 2010
3.3	Frontline staff training on credit unions.	To ensure Innisfree staff have an understanding of the benefits of credit union and have the confidence to recommend /promote to residents.	Jim Sheeran / CPCU	-	Apr 2010

Credit					
3.4	Promote options/good practice around borrowing money (do's and don'ts) across communication channels.	General promotion via leaflets, Innisfree newsletter articles, website, rent statement and other communication channels.	Matthew Wicks	-	Oct 2009
3.5	Staff training to provide knowledge and information to refer Innisfree residents onto Camden Plus Credit Unions for access to affordable loans.	See 3.5	Jim Sheeran / CPCU	-	Apr 2010
3.6	Provide prospective / new residents with information about affordable loans through CPCU.	To help keep prospective / new residents out of the hands of doorstep lenders if they are trying to raise funds.	Matthew Wicks	-	Apr 2010- Sep 2010
3.7	Promote access to the social fund.	<p>The social fund provides interest free loans for those without access to resources to avoid an emergency or disaster and also interest free loans for those claimants on income support to help them set up home.</p> <ul style="list-style-type: none"> <li>• General promotion via leaflets, Innisfree newsletter articles, website, rent statement and other communication channels.</li> <li>• Specific awareness amongst Innisfree staff – see 1.3.</li> </ul>	Matthew Wicks	-	Jan 2010

Banking Services					
3.8	Actively promote to customers the benefits of opening a bank account with a direct debit provision to pay rent and other bills.	<p>General promotion via leaflets, Innisfree newsletter articles, website and other communication channels.</p> <p>Specific support at tenancy sign-up to open basic bank account and establish direct debit payments for rent and other utilities.</p>	Matthew Wicks	-	Mar 2010 - Jun 2010
3.9	Obtain FSA leaflets on Basic Bank Accounts	<p>Order the following publication <a href="http://www.moneymadeclear.fsa.gov.uk/pdfs/bank_accounts.pdf">http://www.moneymadeclear.fsa.gov.uk/pdfs/bank_accounts.pdf</a> by completing the following order form <a href="http://www.moneymadeclear.fsa.gov.uk/nonprofitform.aspx">http://www.moneymadeclear.fsa.gov.uk/nonprofitform.aspx</a></p>	Matthew Wicks	-	Jan 2010

Insurance					
3.10	Investigate and select a Home Contents Insurance scheme suitable for housing association tenants.	<p>The following schemes are operated by a number of different housing associations:</p> <ul style="list-style-type: none"> <li>• National Housing Federation - <a href="#">My Home Contents Insurance Scheme</a>:</li> <li>• Royal Sun Alliance – <a href="#">Simple Home Contents</a>:</li> </ul>	Matthew Wicks	-	Oct 2009
3.11	Ensure staff are fully aware of the insurance scheme and its benefits for residents.	Information about contents insurance and benefits of taking out insurance to be passed onto Innisfree staff. This should be an element of the general staff training.	Matthew Wicks	-	Nov 2009
3.12	Maximise the number of residents taking out insurance premiums.	Publicise promotion for the residents home contents insurance via Innisfree Newsletter, website, rent statements, new tenancy follow-up sessions etc.	Matthew Wicks	-	Jan 2010

## Objective 4 - Raise financial skills and literacy

Ref	Key Service / Project	Actions	Lead	Resources	Timescale
4.1	Training sessions for Innisfree front-line staff on a range of different financial issues.	<p>Provide training for front-line staff. It is essential that staff understand the financial problems facing residents and know, use and can promote the help and advice that is available.</p> <p>Training will include but not be exclusive to:</p> <ul style="list-style-type: none"> <li>• The Financial Inclusion Strategy - importance of tackling financial inclusion and the various projects and activities.</li> <li>• Financial problems facing residents</li> <li>• Credit Union services and benefits to Innisfree residents – staff joining CPCU</li> <li>• Other advice services and agencies available</li> <li>• Affordable Financial Services</li> <li>• Financial education and money management</li> <li>• Fuel poverty issues.</li> </ul> <p>This could be achieved using a mixture of internal training and brining in free external expertise to deliver training. Organisations such as <a href="#">Services Against Financial Exclusion (SAFE)</a> – Ann Sutton 020 7392 2941.</p> <p>And</p> <p>Citizens Advice/ Camden Council Financial Capability Project Train the Trainers sessions that delivers financial capability modules and also qualifies attendees to train up others to be Financial Capability Trainers - Vincent Murphy Financial Capability Project Co-ordinator (Camden CAB): 020 7424 6858 <a href="mailto:vincent.murphy@camdencabservice.org.uk">vincent.murphy@camdencabservice.org.uk</a></p>	Matthew Wicks	-	Jan 2010 – Dec 2010

4.2	Financial health check for new tenants and greater assistance with form filling.	Develop extra information for financial profiling of residents. Promote at tenancy sign up the advantage of low cost credit and promoting positive saving skills and money management in order to help eliminate debt.	Matthew Wicks	-	Jan 2010- Apr 2010
4.3	Creation of a 'Money Matters' section on the existing Innisfree website under Tenant Services Information.	Provision of a single location for residents to access relevant financial information, including FAQs, money saving tips, information sheets, financial tools (e.g. budgeting, debt calculators), links to other organisations, etc.	Matthew Wicks	-	Apr 2010
4.4	Include a 'Money Matters' edition of the Innisfree Newsletter.	Development of a special edition on financial issues covering the range of issue and activities highlighted within the strategy. Have a regular page devoted to 'money matters' promoting financial inclusion issues.	Matthew Wicks	-	Oct 2009

## Objective 5 - Increasing spending power

Ref	Key Service / Project	Actions	Lead	Resources	Timescale
5.1	Inclusion of regular money saving tips within each 'money matters' page/section of Innisfree newsletter.	Each edition should have themed money tips / do's and don'ts on specific subjects – debt, credit, energy saving, etc.	Matthew Wicks	-	From Oct 2009
5.2	Negotiate a deal on gas and electricity in order to get better rates for both Innisfree and its residents.	Innisfree already has an arrangement with British Gas but this should be reviewed and potentially combined with any potential Energy Club to gain greater discounted rates. It also needs to continue to be expanded across the whole organisation for the West Hampstead office, new developments and existing shared services to ensure the organisation makes full cost savings.	Mairead Mooney	-	Oct 2009 – Dec 2009
5.3	Establish Innisfree policy to sign up empty properties via this contracted provider for gas and electricity.	Switching homes to this cheapest energy supplier when they become empty will produce long-term saving for residents. If Innisfree can ensure that its residents start on the most cost-effective tariff then they will save money from the start of their tenancy.	Mairead Mooney	-	Oct 2009 - Nov 2009
5.4	Support the establishment of an Energy Clubs for residents	Developing an energy club could achieve further significant savings through reduced energy costs together with energy efficiency measures for existing residents. It could be included as part of the negotiated deal for gas and electricity.	Mairead Mooney	-	Dec 2009 – Mar 2010
5.5	Provide advice on the running costs for the property in advance of the letting.	Production of a leaflet that gives new tenants information on the potential costs of running their new home – how much rent, gas, electric, water, council tax, insurance. Link this with household budgeting advice/information for tenants	Mairead Mooney / Matthew Wicks	-	Dec 2009 – Mar 2010
5.6	Provide information on access to low cost furniture, clothing and household items.	Establish key agencies providing such organisation in the various geographical locations.	Matthew Wicks	-	Jan 2010 - Feb 2010

5.7	Take advantage of 'Fuel Grants' from utility providers for Innisfree residents struggling to pay utility and household bills.	<p>Each energy supplier has its own trust fund that provides grants to individuals for energy arrears and/or one off payments for household bills and costs. The majority of the main utility suppliers use the same grant application form with grants being paid directly to the suppliers.</p> <p>Innisfree must fully utilise these unpublicised grants for the benefit of struggling residents:</p> <ul style="list-style-type: none"> <li>• A list of the most relevant grants for individuals should be created from the various grants located <a href="#">here</a>.</li> <li>• Copies of application forms and guidance should be obtained.</li> <li>• Frontline staff should be urged to proactively take advantage of these grants for struggling residents and trained to complete the forms.</li> <li>• This should be targeted and offered to all those in rent arrears.</li> <li>• General promotion should be undertaken through the various communication channels.</li> </ul>	Matthew Wicks	-	Jan 2010-Apr 2010
5.8	Ensuring customers receive appropriate advice regarding cost effective fuel and other energy efficiency measures.	<p>Establish and make links with key agencies providing such organisation in the various geographical locations.</p> <p>General awareness of energy efficiency measures amongst residents through the various communication channels.</p> <p>This could include access to energy efficiency measures such as light bulbs and water reduction measures</p>	Mairead Mooney	-	Jan 2010 - Mar 2010

## 8.1 Implementing the Financial Inclusion Plan

The success of the strategy will depend on Innisfree Housing Association ensuring that it becomes an integral part of everyday business and all staff have a key role in developing and supporting the principles within the strategy. All frontline staff need to embrace the Financial Inclusion Strategy and ascertain how they intend to implement the strategy into their working practices.

Overall responsibility for the implementation, monitoring and review of the strategy lies with the Housing Director who will provide bi-annual reports to both Senior Management Team and Board on its progress.

## 8.2 Greater involvement within Financial Inclusion sector

It is essential that Innisfree continues to build its understanding and involvement with financial inclusion and ensure that it takes full advantage of the evolving best practice and any new initiatives launched.

The Housing Director will act as a Financial Inclusion Champion within Innisfree who will be responsible for registering with the various support organisations and ensuring Innisfree is represented at relevant meetings and conferences to ensure that the organisation is kept up to date and can bring back good practice. It is essential that Innisfree becomes involved and registered for regular updates/newsletters with a number of organisations and agencies working within the field. This should include (but not exclusively):

- [TRANSACT](#) - Transact is the national forum for financial inclusion and promotes best practice
- [SAFE](#) - SAFE at Toynbee Hall (Services Against Financial Exclusion) is a project dedicated to providing practical services to support people on low incomes to manage their money more efficiently.
- [Chartered Institute of Housing](#) – CIH has just been awarded the Department of Work and Pensions ‘Financial Inclusion Champions’ for the housing sector and will work to build and coordinate partnerships to promote financial inclusion. Key contact - Sharon Wheeler (Head of Financial Inclusion Champions Team) - [sharon.wheeler@cih.org](mailto:sharon.wheeler@cih.org)
- [National Housing Federation](#) - The Federation is currently developing a series of integrated campaigns, products, events, publications and partnerships that aim to give tenants fairer access to financial services.
- [Now Lets Talk Money](#) – Established to help both individuals and organisation access advice and services associated with reducing financial exclusion.
- [ABCUL](#) – The Association of British Credit Union provides national information about credit unions
- [Debt on our Doorsteps](#) - A national campaign working to end extortionate and irresponsible lending

### 8.3 Cost of implementing the recommended Financial Inclusion Plan

The Financial Inclusion Plan will have identifiable resource implication from 01 April 2010, specifically in relation to:

Pilot income maximisation referral project	£4,500
<b>Sub total</b>	<b>£4,500</b>

It is essential that the Innisfree Housing Association Board and Senior Management Team is committed to the Financial Inclusion Strategy and builds the costs into the budget planning process.

Whilst there are social reasons why Innisfree Housing Association are implementing this strategy, there are also key business reasons which will hopefully offset some or all of the costs set out above. Outlined below is the monitoring information for the business case which will be regularly reviewed and reported back.

## 8.4 Monitoring the business case for the Financial Inclusion Strategy

Output	30 Sep 2008	31 Mar 2009	30 Sep 2009	31 Mar 2010	31 Sep 2010	31 Mar 2011	31 Sep 2011
Total number of units	484	484					
Rent arrears level (total)	£154,077	£206,343					
Customers with rent arrears (total)	400 (83%)	424 (88%)					
Rent arrears between £1-£499	324 (67%)	322 (67%)					
Rent arrears between £500 and £999	44 (9%)	64 (13%)					
Rent arrears above £1,000	32 (7%)	38 (8%)					
Number of NOSPs – as a result of rent arrears	80 in place	90 in place					
Number of Court Orders – as a result of rent arrears	8 in place	10 in place					
Number of Evictions – as a result of rent arrears	0	1					
Level of write offs	£11,697	£10,068					
Number of direct debit rent payers							
Number of tenants joining Camden Plus Credit Union.		6					
Number of tenants attending financial education sessions							
Number of staff attending financial inclusion training							

### Other methods of monitoring:

- Inclusion within Customer Satisfaction Surveys, Tenant Surveys and other methods of seeking customer's views,
- Case studies developed and produced,
- Anecdotal evidence retained,
- The strategy will be reviewed and updated annually by the Housing Director who has specific responsibility for overall implementation of the Financial Inclusion Strategy.

## 9. Conclusions and key recommendations

Like other social housing providers, it is in the interest of Innisfree Housing Association to assist those residents experiencing financial exclusion and other related issues to ensure they are able to access various resources and services that will aid them in their ability to successfully manage their household finances and thus aid them to sustain their tenancy.

With the ongoing credit crunch and economic downturn, the levels of financial exclusion and its impacts are set to worsen considerably over the forthcoming months and years. Levels of unemployment amongst Innisfree Housing Association residents, which are already high, will almost certainly increase, leaving a great number reliant on uncertain and reduced household incomes or solely dependant on welfare benefits. Mainstream financial institutions have already begun to restrict their financial services and narrow their customer bases even further and levels of financial exclusion will grow significantly as the 'bar' is raised. This is partially relevant with borrowing, with many who could get easily available credit 12 months ago, already finding they are unable to access this borrowing at an affordable rate.

As a result, the importance of supporting these excluded households by implementing the specified financial inclusion work has never been greater.

Innisfree Housing Association is already seen to have a number of existing activities in place to help tackle financial exclusion, including signposting to other service providers, a positive rent arrears process that provides informal advice for those struggling to pay and a variety of community development work. However, there are some identified limitations with a number of the activities that have been highlighted through the staff discussions.

To have a more visible and lasting impact on this problem, a more comprehensive and co-ordinated approach across the entire organisation with additional project activities has been devised.

The key elements of the financial inclusion plan include:

- Piloting a referral project to CHAS CL for one to one income maximisation sessions for tenants.
- Implement an ongoing training programme for frontline staff on a range of related financial issues facing residents to provide more knowledge and understanding of the problem and enable greater support to be offered.
- Following the proposed changes to UK credit union legislation, Innisfree should be one of the first to apply to become associated with Camden Plus Credit Union and enabling all Innisfree tenants to be able to access this single service point.
- Develop partnership work with Camden Plus Credit Union to encourage awareness and ultimately maximise take-up of their affordable financial services.
- Testing a number of financial education sessions in identified locations, combining a range of financial advice and support services.
- Proactively raising awareness of the various financial issues, activities and services using all available communication channels.
- Establishment of a Content Insurance scheme for Innisfree tenants to access.

## **Key recommendations**

- Innisfree Housing Association approves the Financial Inclusion Strategy and commences the implementation of the Financial Inclusion Plan from October 2009.
- Addressing financial exclusion becomes a key priority across the organisation with ownership of the Financial Inclusion Strategy spreading from Board and senior management level across the entire organisation
- Responsibility for implementation, budget management and review of the Financial Inclusion Strategy is delegated to Matthew Wicks, Housing Director.
- Innisfree Housing Association resources totalling an additional £4,500 are allocated from the financial budget for 2010/11 to implement the identified financial inclusion work.
- The Financial Inclusion Plan is continually monitored to ensure its full implementation across the organisation.
- Financial exclusion related questions are designed and incorporated within the next Tenant Survey to enable a clearer picture to be established.
- Its progress is reviewed and updated in December 2010 and the business case for the financial inclusion strategy is measured using the monitoring information provided.