



Financial Inclusion Strategy 2022-25

Promoting Financial Fitness

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Glossary

CA	Citizens Advice
DHP	Discretionary Housing Payment
DWP	Department of Work and Pensions
ESA	Employment and Support Allowance
FIT	Financial Inclusion Team
FIO	Financial Inclusion Officer
HB	Housing Benefit
TIS	Transfer Incentive Scheme
TSO	Tenant Sustainment Officer
UC	Universal Credit
WR	Welfare Reform

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1. Introduction & Purpose

Our tenants and leaseholders may experience the effects of worklessness, job instability, low pay, rising costs and changes to the benefits system including the ongoing programmes associated with Welfare Reform. Pressures to household income and budgets can lead to an inability to meet basic needs, increasing levels of debt and potentially rent arrears and evictions. Financial difficulties can also cause stress, health issues and family breakdown.

Financial difficulties experienced by CBH customers are likely to influence our income and ultimately the services we can provide. It makes financial sense and good customer service for CBH to invest in supporting customers to maximise their incomes and enhance their ability to become more 'financially fit'.

This strategy sets out how CBH will support customers to make the most of their finances and lessen the impact of financial difficulties both on them and the business.

Strategic aims

The aim of this strategy is to help tenants and other customers by supporting them to:

- become financially fit and sustain their tenancies and leases
- minimise the impact of the governments Welfare Reform programmes
- improve and promote access to the job market
- improve access to digital services

In line with CBH core values we will focus on:

- **Building Trust** by communicating clearly and effectively, making it easier for customers to sustain their tenancies and access the support they need.
- **Delivering Tenant Led Services** by using information about our customers to target resources where they are most needed, and by asking tenants to help us through involvement and engagement in service delivery.
- **Commitment to our Communities** by working with partner organisations to ensure that customers can access the advice and assistance available, and by helping customers to help themselves and each other.
- **Delivering Professional Services** by ensuring that staff are trained and resourced to offer support to our tenants and leaseholders.
- **Providing Value for Money** by focusing on ensuring resources are used effectively.

This Financial Inclusion Strategy supports Colchester Borough Council's strategic aims of:

- tackling the climate challenge and leading sustainability
- creating safe, healthy, and active communities

- growing a fair economy so everyone benefits
- supporting Digital Inclusion and access to services

2. Delivery of strategic aims

The strategic aims set out above will be achieved through a range of actions, which can be summarised as follows:

- **Supporting customers** – minimising rent arrears & evictions by providing additional support, particularly in the initial stages of tenancies.
- **Advice & assistance** - advice and signposting to support and information,
- **Working in partnership** - working with others to exchange information, best practice, and ensure tenants get the support they need.
- **Training and Information** for all staff, particularly front-line staff.
- **Profiling** – collecting and using customer data to identify the scale and impact of the issues and identify tenants at risk of financial difficulties. We will continue to identify vulnerable customers for effective targeting and support and collecting customer information at every opportunity.

The key to supporting these aims is the dedicated CBH Financial Inclusion Team consisting of a specialist Welfare Rights Officer, a Financial Inclusion Officer, and a Housing Benefit Liaison Officer. Whilst this team will support the wider strategy aims the team are also focused on providing an individual customer service with a specific hands-on approach on a case-by-case basis.

The detailed Action Plan, along with the responsibilities for each action relating to the strategy can be found in the Appendix.

3. Key achievements

Since last the last Financial Inclusion Strategy was agreed in 2015 CBH have:

- Maintained a dedicated Financial Inclusion Team (FIT) to promote financial and digital inclusion within CBH and through our customer base. Highlights for this team has included: supporting successful DHP awards in excess of £100,000pa, welfare benefit awards in excess of £250,000pa and Housing Benefit overlaps of £25,000pa
- Developed the Asset Management Strategy and Invested significantly in our housing stock to:
 - promote energy efficiency
 - reduce tenants fuel costs in working with specialist support providers such as the Green Doctor and Anglian Water
 - reduce routine maintenance costs

- promote access to digital systems including Wi-Fi access at sheltered housing schemes
- Worked with partners including Colchester Borough Council on mitigating the impact of Welfare Reform, under occupation and the benefit cap. We have also established a joint visiting service for CBH tenants with Citizens Advice and a weekly CA outreach service.
- Dealt with a massive increase in the number of CBH tenants claiming Universal Credit and introduced use of the UC Landlord portal as a direct link with the DWP. In June 2018 there were 61 tenants affected by UC, by December 2021 that figure had risen to 1712 (nearly 30% of all tenants) and continues to rise by an average of 25 cases each month

4. Measuring outcomes

If the strategy is successful, the following outcomes can be expected:

- CBH achieves top quartile performer for income collection
- increased take up of Credit Union loans and saving accounts
- increased use of direct debit payment methods
- reduction in the number of evictions and terminations due to rent arrears
- increasing the proportion of customers with access to the internet and to a personal bank account
- provision of training and employment related opportunities
- wider benefits in society and the local community

5. Financial inclusion

Financial inclusion can be defined as ensuring that everyone has access to appropriate financial services, products, and benefits, enabling them to manage their money, plan, cope with financial pressure and deal effectively with financial distress.

The DWP's Family Resources Survey has shown that the majority of those who are financially excluded are residents in social housing. Key areas of concern are access to banking, lack of insurance, lack of access to affordable credit, access to financial and /welfare benefit advice and financial capability.

The Family Resources Survey identified groups who are at risk of financial exclusion, particularly:

- tenants who are moving in and out of work
- tenants in their first 12 months of tenancy
- young people in social housing

5.1 Key aims and objectives

- **Maximising income** – ensuring tenants have access to support to increase their incomes via benefits or employment, e.g., by applying for help such as Discretionary Housing Payment (DHP) or Transfer Incentive Scheme (TIS) payment to help move to smaller homes.
- **Minimising debt** – supporting tenants in avoiding or reducing debt and promoting access to lower cost credit as an alternative to doorstep lenders e.g., benefit advice, debt counselling services advice at an early stage, promotion of Credit Unions.
- **Accessing financial products** – promoting access to appropriate financial products such as basic bank accounts and online services.
- **Improving money management skills** – supporting opportunities for tenants to help themselves by improving their financial skills to increase confidence and encourage financial responsibility and preparing for the on-going consequences of Welfare Reform.
- **Reducing fuel poverty** – providing support to help tenants deal with rising energy costs by investing in the energy efficiency of our homes and signposting to specialist support agencies such as the Green Doctor Scheme

6. Welfare Reform

The benefits system has changed considerably since April 2013. Some groups of people are particularly affected by welfare reforms:

- Low-income families with 3 or more children
- Those whose sole income is from welfare benefits
- those in low paid employment
- those on fixed incomes or with limited opportunity to increase income via paid work (some disabled people, pensioners)
- young people aged 18 – 21

6.1 Key aims and objectives

- help tenants prepare for and mitigate the effects of Welfare Reform
- minimise the financial and social effects of Welfare Reform on the delivery of housing services
- reduce under occupation and free up much needed homes for families
- develop partnerships with CA and DWP

6.2 Key actions

- provide high quality welfare advice and signposting
- manage and support the introduction of Universal Credit and other welfare reforms

7. Digital Inclusion

Digital Inclusion is Important for the following reasons:

Education and life chances - home access to a computer and the internet can improve children's educational performance.

Employment and skills - It is estimated that between 75% and 90% of jobs require at least some use of a computer. Being online also gives people more opportunities to search and apply for jobs.

Saving money - Those households which are not online are missing estimated savings of £560 per year from shopping and paying bills online.

Applications for Universal Credit are 'digital by default' and therefore require access to a smartphone, tablet, or personal computer

Key Aims and objectives

- increase access to online services and improve the availability of online services in partnership with CBC go online
- ensure adequate access is made to digital improvement programmes and opportunities
- promote the CBH brand
- develop NEC online services

7.1 Key actions

- increase access to digital services within our own facilities
- provide more opportunities for customers to access our services online

8. Worklessness

Although Colchester has a low unemployment rate, unemployment is increasingly concentrated in certain geographical areas and there is a significant correlation between areas of high unemployment and high concentrations of council housing.

8.1 Key aims and objectives

- supporting CBH tenants, leaseholders and their families into employment or increase opportunities for training and employment
- strengthen links and partnership working with key agencies and partners including the DWP
- provide opportunities for apprenticeships and trainee schemes

8.2 Key actions

- Work in partnership with others to provide training and employment opportunities

9. Impact and Risk on CBH

As tenants experience greater financial hardship the ongoing introduction of Universal Credit and further consequences of Welfare Reforms, their ability to maintain regular payments for rent and service charges decreases. The risks for CBH as an organisation are potentially the following:

- increased costs and reduced revenue
- an increased need to support tenants support with regards to financial inclusion and money management and
- an increased volume of enquiries can be expected regarding benefits and ability to pay the rent.
- higher collection and administration costs.
- void costs are also likely to be affected, as tenants will have less money available to maintain and decorate their homes.
- higher eviction rates.

There may be a need to put extra resources in where needed, e.g., income collection, debt recovery and welfare benefit advice.

10. Consultation and Monitoring

Consultation has been carried out with Colchester Borough Council. At a local level, the FIT team carry out a form of consultation and feedback daily with those most affected by financial inclusion issues, the results of which are incorporated into our action plans.

We will monitor this strategy by the following methods

- Regular monthly performance monitoring of the Financial Inclusion Team
- Annual review of the Action Plan
- Tenant and Resident satisfaction surveys and established customer involvement groups
- Partnership reviews

11. References

The Welfare Reform Act 2012, Local Government Finance Act 2012 and other associated legislation and regulation introduced significant changes to the Welfare Benefit framework.

Government website for the promotion of digital inclusion www.go-on.co.uk

Further details on the UC can be found at <https://www.gov.uk/universal-credit>

12. Related Documents

Background Information (Appendix 1)

Financial Inclusion Action Plan (Appendix 2)

Document Control Sheet

Title:	CBH Financial Inclusion Strategy - 2021-24		
Electronic File Name & location:	https://colchbh.sharepoint.com/sites/fnc/corpdoc/PolDevLib/CBH Financial Inclusion Strategy - 2021-24.docx		
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Circulation Date:		Implementation Date:	
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Document Amendment History

Version	Type	Date	Notes
1.0	New	2013	New strategy
2.0	Major revision	Oct 2015	Updated and incorporated welfare reform, digital inclusion, worklessness
3.0	Revision and update	Jan 2022	Update statistical information and links to other strategies. Updated as a result of growth in UC claimants and pandemic

Appendix 1 – Background Information and Context

1. Financial inclusion

Access to bank accounts

The latest Department of Work and Pensions Family Resources Survey published for 2019-20

<https://www.gov.uk/government/statistics/family-resources-survey-financial-year-2019-to-2020/family-resources-survey-financial-year-2019-to-2020>

shows that 10 per cent of those with incomes of less than £100 a week still do not have access to a bank account that enables direct payments, compared to just three per cent of the general population.

Not having a bank account can be a barrier to affordable credit and cheaper ways to pay such as direct debits. It can also act as a barrier to work as some employers require bank accounts for payment of wages or salaries.

Debt

Approximately 35% of CBH tenants are in arrears and this figure is now generally rising. In 2014/15 there were 19 evictions for arrears. 5 of these tenants were under 25. As a result of the work by the FIT team this figure had reduced to 9 by 2019/20 with only one tenant aged under 25 being evicted

Debt is a growing problem nationwide.

Poverty and Deprivation

People on low incomes who cannot access mainstream financial services end up paying more, a “poverty premium”, for the services they need (for example, higher gas and electricity bills because they cannot get direct debit discounts). As well as paying more for essentials, households on low incomes are disproportionately affected when the costs of these essential services increase.

Those without access to mainstream lending are also vulnerable to higher rates of credit, through legal and illegal lenders.

Colchester has two areas in the top 10% most deprived locations in the UK, Magnolia in Greenstead Ward and St Anne’s Estate in the St Johns/St. Anne’s Ward. The deprivation indexes measure a number of factors including employment, education and skills and health and disability.

Fuel poverty

26% of CBH’s general needs tenants reported having difficulties with paying fuel bills and 29% had difficulties with water charges, and it would be reasonable to expect that this number will grow.

CBH will invest in programmes to improve the thermal values of its homes including insulation, solar power, and energy efficient heating systems etc. taking advantage of funding and new energy initiatives to reduce energy costs and improve the health of our customers

2. Welfare Reform and Universal Credit

70% of CBH tenants are in receipt of Housing Benefit or Universal Credit. Of these, around 250 still on HB are currently affected by changes to rules regarding spare rooms Housing Benefit will no longer cover the full cost of the eligible rent. The average loss of Housing Benefit is around £13.50 per week or £675 a year.

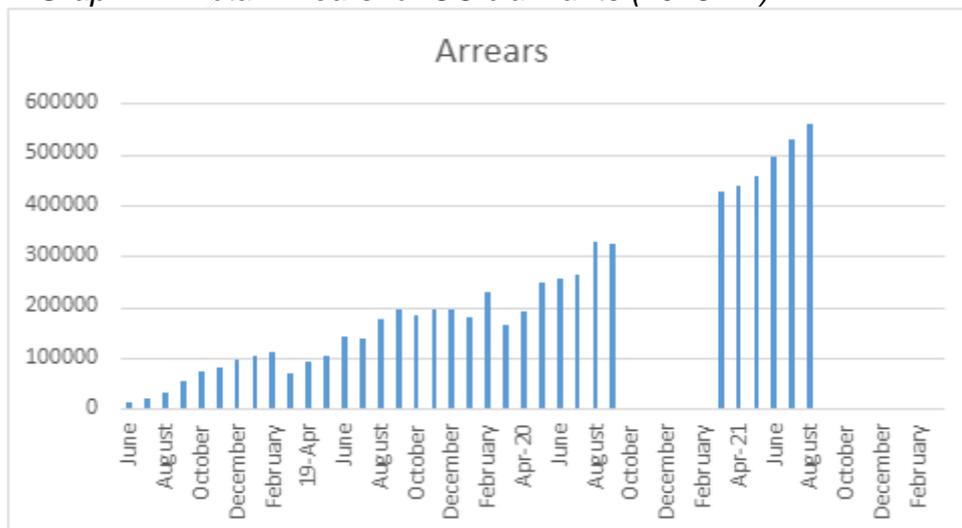
Working-age benefits including unemployment-related benefits (such as Job Seekers Allowance) and in-work benefits (such as Working Tax Credits) have been reduced in real terms due to capping.

The replacement of Council Tax Benefit with a localised Council Tax Support scheme from April 2013 has meant that working age claimants in Colchester have been expected to pay at least 20% of their Council Tax liability.

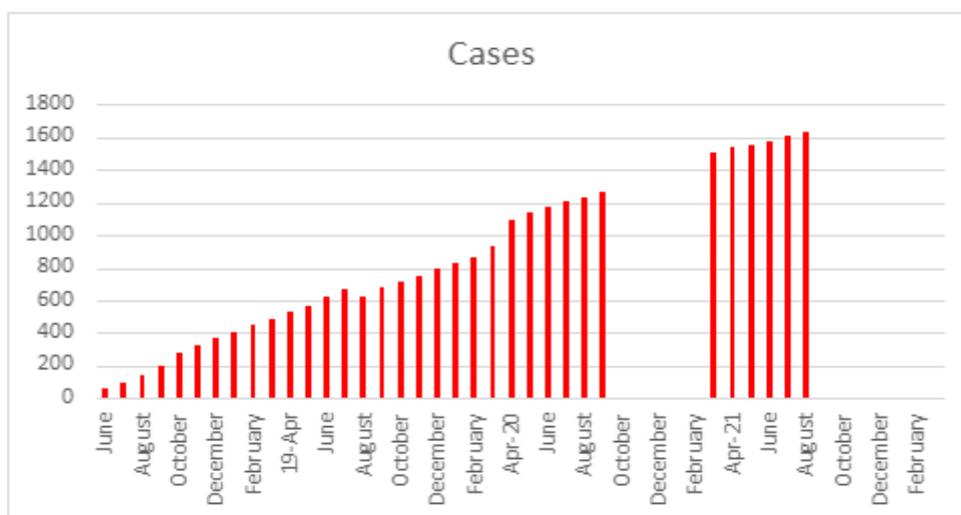
Further changes to benefits implemented upon by the introduction of Universal Credit mean:

- a move from budgeting weekly or fortnightly to budgeting monthly
- rent (UC Housing Element) not being paid directly to CBH (except in limited circumstances)
- IT skills and internet access being needed to make online benefit claims
- Financial difficulties when payments are migrated from weekly to monthly or when claimants make the transition into employment
- UC will be stopped when there is a query pending on any one element with increased use of sanctions and levels of recovery of over[aid benefit irrespective of cause.

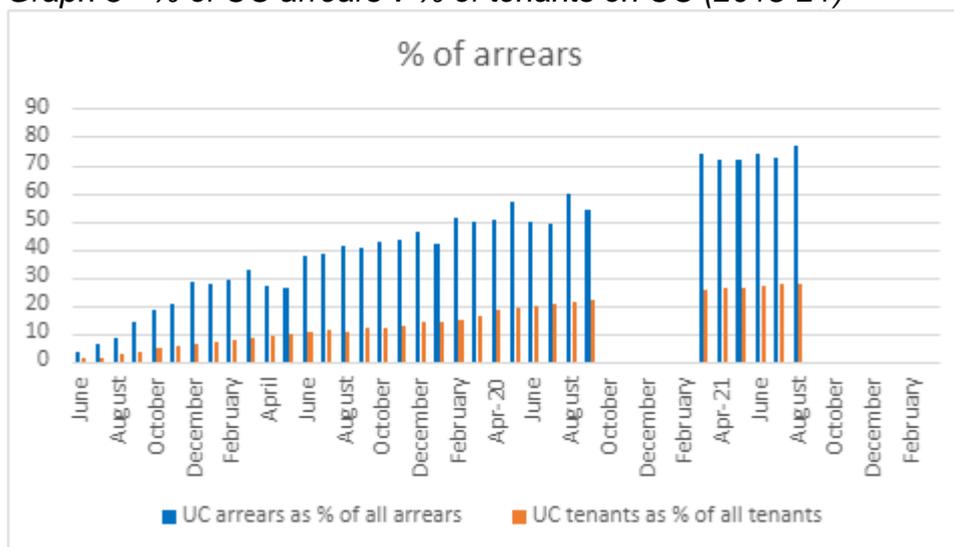
Graph 1 – Total Arrears for UC claimants (2018-21)



Graph 2 No. of UC cases (2018-21)



Graph 3 - % of UC arrears v % of tenants on UC (2018-21)



The average arrear for a UC claimant is now around £300 compared to around £125 for all tenants in arrears. This means each year approximately £80,000 of additional arrears are being added to the rent accounts. This is largely a result of the switch from weekly HB direct paid into rent accounts to monthly payments in arrears of at least 5 weeks paid direct to the claimant. This has also increased rent collection transaction costs.

3. Digital inclusion

Government statistics indicate 9% of UK adults people do not use the internet (Office of National Statistics 2019) and 22% lack basic digital skills (Lloyds Consumer Digital Index 2019)

Access to better and more online digital services can reduce call handling volumes and promote independence but can leave the above group excluded

4. Worklessness

Whilst employment rates vary, as at June 2020 there were 6525 people claiming out of works benefits in Colchester rising to 5.3% of the working population. This is in comparison to 5.7% for the East of England. These figures have risen significantly due to the pandemic. There are significant pockets of JSA claimants and worklessness in certain areas particularly on the Greenstead estate

Appendix 2 Financial Inclusion Action Plan

Note – ‘On Going’ targets have no end date and are continuing actions

1. Accessing financial products		
Task	Target and Responsibility	Status Update and Comments
1.1 Working with nominated bank, provide information about setting up basic bank accounts to new tenants – ultimate target: all tenants to have access to a bank account	On going FIO	Working with Lloyds Bank and other providers UC phasing out post office account option in near future
1.2 Provide information to residents regarding credit union options	On-going FIO	Annual information in newsletter
1.3 Promote low-cost contents insurance schemes (increase take up by 5% per annum)	On-going	CBH/CBC scheme reviewed and promoted each year – promoted at all WR visits and for new tenants
2. Advice & assistance		
2.1 Support Local Food banks for households in crisis	Ongoing TSO	Tenancy Sustainment Team is a lead link for CBH. Staff donate food to the food bank regularly. We also introduced the food bank to Beacon House/CCU as an alternative distribution point.

2.2 Provide advice and support for existing customers and at pre tenancy contact on priority debts and regular payments	On going	
2.3 Identify vulnerable tenants for UC payment direct (alternative payment arrangements)	New Tenancy Team	Financial questionnaire completed at sign up for new tenants and referrals made to FIT
2.4 Promote the Transfer Incentive Scheme and other housing options including Mutual Exchange to make best use of stock and reduce under occupation	FIO NT Team	Dedicated annual TIS budget
3. Maximising income		
3.1 Range of staff to receive training to support benefit advice	Annual Update and Refresher FIT	
3.2 Publicise on-line benefit entitlement tools	Ongoing FIT	Regular slots in newsletter for FIT related articles
4. Minimising debt		
4.1 Publicise lower cost loans offered by Colchester Credit Unions and consider funding to help towards setting up accounts	On going FIO	Article promoting credit union in newsletters
4.2 Continue to support the national campaign against doorstep lenders	On going FIO	CBH continues to support the national campaign and we promote this on our website.
5. Money management skills		

5.1 Promote online tools such as benefit checkers, Money Advice Service financial health check & budget planner, free budgeting software, moneysavingexpert.com etc.	On going FIO	We have developed our website and now routinely include online tools for our customers to help them maximise their income.
5.2 Housing officers and tenant support workers to promote money management training in routine visits or contacts with existing tenants	On going	CHO and Support Officers all routinely offer income & expenditure as part of debt and money advice.
6. Partnership working		
6.1 Work with local landlords to share information, knowledge about job seeking advice, financial inclusion developments	On going FIT	Attend Job fairs with local partners annually. Have also invited RSL's along to the mutual exchange fairs.
6.2 Promote CA money advice service – target: provision of specialist advice to 50 cases supported per annum	On going FIO	.Joint Home visiting service with CA introduced in 2014 Weekly CA surgery organised from GLHO (pre pandemic)
6.3 Improve joint working with local DWP JCP	FIO	Regular contact with local manager
6.4 Foster and develop links with relevant partner agencies including CAP Money, Sign Post, C360, Green Doctor, Peabody (floating support services)	FIO	
7. Profiling		
7.1 Financial inclusion survey to assess scale of issue (benefits/debts/bank accounts/online access/use of doorstep lenders/fuel poverty etc.)	FIO	Working in partnership with CA and CBC profiling data used to target all tenants affected by the benefit cap and under occupancy charge.

8. Reducing fuel poverty		
8.1 Energy efficiency work through Property Services – Targets as set out in the Asset Management Strategy and Capital Programme	On going Asset Management	PV project installing PV cells delivering energy efficiency. Air source heat pumps are being installed, replacing oil Heating. Worsnop House refurbishment includes several new energy efficient appliances lighting and heating.
9. Worklessness		
9.1 Promote Apprenticeships and Trainee positions	CBH HR	
9.2 Maintain positive links with local JCP	FIO	
9.3 Support agencies and voluntary organisations	FIT	
9.4 Promote CBH externally including skills and recruitment fairs	CBH HR	
9.5 Include trainee and apprentice requirements in new contracts with external contractors (e.g., grounds maintenance, HRA capital programme)	CBH Asset Management	
10. Digital Inclusion		
10.1 Introduction of NEC Customer Portal	CBH IT	
10.2 Distribution of tablets and training to involved residents	Resident Engagement	
10.3 Improve services at sheltered housing schemes	OPS	
10.4 Install digital aerial systems at all blocks of flats	Asset Management	
10.5 Improve digital functionality of the CBH website	CBH IT	

11. Communication		
11.1 Identify all communication opportunities e.g., News and Views, sign up, new tenants visits, mail merged letter distributions, Facebook etc.	FIT	
11.2 Devise Welfare Reform leaflets and Update Website Information	FIT	
11.3 Access information sources for advice and regular updates	FIT	