

**Appendix A**  
**RMBC**  
**Financial Inclusion**  
**Plan**  
**Housing**  
**2017-20**



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# 1. Executive summary

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“Financial inclusion” means the delivery of financial support to people who don’t have access to basic services such as bank accounts, debit cards, credit cards, savings, insurance and pensions. Limited access to such basic services can impact on people’s health, their independence and ability to improve their own life chances.

Many tenants are generally on lower than average incomes, and are more likely to experience financial challenges. This can be as simple as not having a bank account.

## **Economic downturn**

Despite the economic recovery, many household budgets are still feeling the squeeze. The latest Indices of Multiple Deprivation (IMD2015) show that deprivation in Rotherham has increased slightly over the past five years, with the borough now ranked 52nd most deprived district (53rd in 2010). However deprivation in the poorest 10% of the borough has increased significantly and 20% of Rotherham’s residents live within the 10% most deprived areas of England. Many of these residents are Council tenants.

## **Changing technology**

Digital and technological developments offer great opportunities to promote financial inclusion, as online and mobile banking allows users instant access to help people keep track of their spending but this also presents new challenges for those who are financially excluded. The 2016 Star Tenant Survey revealed the following:

- 66% of tenants have access to the internet
- Older tenants are less likely than younger tenants to have internet access
- Four in ten tenants who receive Housing Benefit do not have internet access

This has major implications due to the implementation of a range of welfare reform policies including Universal Credit.

## **Interest rates**

Interest rates have remained at or below 0.5% for the past six years and the latest predictions suggest that a rise in interest rates is not likely to be imminent and will be minimal. However, when this happens it will have an adverse effect on many Council tenants.

## **Low Income Households**

Many of our tenants and residents are in low paid work. In view of the squeeze on income for those in lower paid work, due to ongoing changes to welfare benefits outlined previously it is becoming increasingly important that the Council has a clear strategy to help its tenants to manage their finances, pay their rent or mortgage and maintain their tenure.

Housing Benefit is the largest element of income to the Housing Revenue Account. There has been a reduction in the amount of Housing Benefit paid to Council tenants and the annual percentage of the debit paid by Housing Benefit has reduced to 60% in 2015-16. This has meant tenants now have to pay more rent out of their already restricted income, which many tenants find difficult and so is manifesting its self through successive increases in rent arrears.

The most recent analysis of high level Council housing debt indicates that many tenants do not claim Housing Benefit or are ineligible due to income levels or have their benefits reduced or sanctioned. This cohort of tenants find it difficult to budget as their pay is erratic and many borrow from high interest costs lenders to pay for their basic needs when their income is stopped or reduced.

There are many barriers which prevent access to basic financial services and this plan aims to recognise and work toward removing those barriers.

As a Council we want to support our tenants to improve their financial situation. By doing so the Council can assist in reducing poverty, improve health, educational attainment and opportunities to access employment.

The plan aims to help Council tenants improve their quality of life by reducing debts, reliance on high interest cost lenders, increasing levels of educational attainment and improve the potential to gain employment.

The plan will not stand alone to deliver solutions but recognises that a co-ordinated approach that brings Council services, partners and agencies together will be more cost effective and achieve greater success in providing tenants and residents with the support required to enable them to access the benefits basic financial services can provide.

The four key areas of focus are:

- Theme 1 – Financial responsibilities
- Theme 2 – Sustainable tenancies
- Theme 3 – Protecting the most vulnerable
- Theme 4 – Support and advice

## 2. Vision

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Our vision statement for Rotherham's Financial Inclusion Plan:

**The Council will:**

- \* Work with tenants so they understand the **financial responsibilities** of sustaining a tenancy
- \* Seek to understand tenants housing **needs** so tenants are not placed into financially unsustainable situations
- \* Provide support for the **most vulnerable** and target households affected by welfare reform
- \* Improve access to **support, advice** and financial services which enhance tenants financial well-being

These commitments will assist the Council in a number of ways including:

- \* By reducing the number tenancies that fail, will reduce the number of empty properties, which in turn will reduce the Council's operating costs.
- \* Improving tenants financial circumstances through targeted support of households affected by welfare reform will reduce rent and other arrears to the council whilst improving the financial position of the most vulnerable.

# 3. The role of the Council

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## National Context

Over recent years a number of factors such as the economic downturn and Welfare Reform are causing more people to experience money problems. For many, affording life's necessities is becoming increasingly difficult.

A key area which has impacted many council tenants is the introduction of a range of welfare reforms over the past 3 years. Those already in place include:

- \* The Social Sector Size Criteria, or the "Bedroom Tax" introduced in April 2013 for households of working age who under-occupy their homes.
- \* A Benefit Cap for couples with children and single parent families of £20,000 per annum or £384 per week. This affects around 130 of our tenants.
- \* Universal Credit (UC): Introduced in Rotherham in December 2015, has huge implications for Council tenants as it combines six different benefits including Housing Benefit, into a single lump sum payment to the household. UC is paid monthly, in arrears, and households will have to budget their money monthly instead of weekly and manage their own rent payments, possibly for the first time.
- \* The change from Disability Living Allowance to Personal Independence Payment.

There were further changes introduced by the Welfare Reform and Work Act 2016:

- \* Four year freeze on out of work benefits.
- \* Most 18 to 20 year olds will no longer have an automatic entitlement to Housing Benefit.
- \* The limit on Housing Benefit to the Local Housing Allowance (lower 30% of private rented sector) rate from April 2019.
- \* Single people under 35 will only receive the Local Housing Allowance shared room rate for their housing costs which for 2015/ 2016 is £58.50. This is approximately £14 per week less than the rent for a one bedroom Council flat. If our tenancy profile remains similar, in future this will mean approximately 600 tenants will have to make up this shortfall in benefit.
- \* The limit on Child Tax Credit to two children and the removal of the family element. This means if a family has a third child they will no longer be entitled to or will lose benefit equivalent to £2,780 per child if there has been a change in circumstances lasting six months or more

## Local Context

Rotherham faces great challenges as a area, these include the economy, housing, worklessness, education and health.

Rotherham is the 52<sup>nd</sup> most deprived area out of 326 English districts, and a third of its population live in areas which are located in the most deprived 20% in England. Around 58,000 people in Rotherham live in the most 10% of deprived areas in England. The Indices of Multiple Deprivation show's this is driven mainly by high worklessness, low qualification and skill levels and poor health.

Over 66,000 adults are on a low income and are reliant in supplementary benefits such as tax or pension credits which is around a third of the adult population.

The inequality gap between the most deprived neighbourhoods and the rest of the borough has grown as deprivation has increased since 2007. High deprivation is reflected in high levels of financial exclusion, debt problems and fuel poverty.

Welfare reform is estimated to have taken £66 million per year (2016) from low income households in Rotherham, particularly families with children and those who are long term sick, and the impact is expected to double to £132 million per year by 2020/21 as a result of further welfare changes.

Pressures on household budgets have forced a growing number of people to use food banks. Rotherham is amongst the 8% of districts most affected by problem debt. The vast majority of over-indebted people feel anxious, stressed and unhappy as a result of their situation but only a minority are accessing advice (Money Advice Service report 2013).

Whilst pensioners have been protected from welfare reforms, many are still on a very low income. 21.6% of Rotherham pensioners claim pension credit, above the English average of 18.3%. Rotherham has 125,400 people aged 16-64 who are economically active (i.e. in work or actively looking for work), a rate of 77.1% which is below the national average of 77.7% [Note source of most labour market data is from the ONS Annual Population Survey, latest September 2015

Relative to England, Education deprivation in Rotherham overall has reduced slightly although the most deprived areas have fallen further behind whilst less deprived areas have advanced.

Ultimately the Government's welfare reform programme over 2011- 2018 is expected to increase and intensify deprivation in Rotherham by reducing the incomes of the poorest households, particularly people who are disabled or long term sick, and families with children.

By delivering a Financial Inclusion Plan it will not only help people to feel confident and make the right decisions about money matters, but will be more wider reaching. It will also help to improve health and well -being, build independence and increase tenant's job opportunities.

The Council will also benefit from the positive impact of financial inclusion as it can reduce the time and costs of:

- \* recovering rent and council tax arrears
- \* preparing empty properties for re-let
- \* prevent homelessness applications
- \* Improve the sustainability of Rotherham's most deprived communities

### **Corporate Plan Priorities**

The Council's Financial Inclusion Team will deliver this Plan in collaboration with other teams and services, including the Money Advice Service, which receives funding from the Housing Revenue Account to provide independent financial advice to tenants at risk of eviction.

The Plan will support the delivery of all four of the Council's Corporate Plan Priorities in the following ways:

#### **Every child making the best start in life**

The Council will continue to offer more intensive support to all families at risk of losing their home due to rent arrears. The Housing Revenue Account will continue to fund Family Support workers within the Children's and Young Person's Service who will offer help and advice to any family referred by the Housing Income team. The Council will also work in schools to start as early as possible with education in money management. The overall Plan will contribute to reducing the number of children living in poverty and ensuring all children live in a safe and secure environment.

#### **Every adult secure, responsible and empowered**

The Council will support tenants in financial difficulty by providing advice and guidance on financial issues. We will work with colleagues to provide preventative support to contribute to sustaining tenancies, reducing homelessness and poverty.



## **A strong community in a clean, safe environment**

The Council will assist tenants to manage their finances better, which will lead to reduced debt and increase income for the Council to spend on improving the communities in which tenants live.

## **Extending opportunity, prosperity and planning for the future**

The Council will refer tenants to other services who can provide support with accessing employment and money advice. Working with other teams, the Council will encourage contractors and suppliers to offer apprenticeships to tenants and their families and support them into work.

## **The Housing Strategy**

The plan will contribute towards delivering the Housing Strategy by:

- \* Ensuring the Council support tenants to move out of the rental sector as their household income increases. Research by the Joseph Rowntree Foundation<sup>1</sup> demonstrates that social housing can be used as the springboard into employment and homeownership.
- \* Equip tenants and residents with the skills to manage their finances and build confidence to move into employment, training or education so they do not become trapped in a cycle of poverty.
- \* Strengthen and sustain communities by providing financial advice and support to tenants and residents in financial difficulty.<sup>1</sup> How Does Housing affected work incentives for people in poverty?, Joseph Rowntree Foundation, 22 February 2016

# 4. Themes

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## 4.1 Financial responsibility

Vision - Work with tenants so they understand the financial responsibilities of sustaining a tenancy.

The Council will:

- \* Train frontline staff to develop skills to help new and existing customers with a range of money matters, including household budgeting, paying bills and saving.
- \* Work with partner agencies to ensure customers can access specialist money and debt advice services when they need it.
- \* Strengthen existing and develop new partnerships with Credit Unions to help tenants improve their financial 'staying power' by securing loan products and accounts.
- \* Locate and publicise a number of providers to enable tenants to open basic bank accounts

## 4.2 Sustainable tenancies

Vision - Seek to understand tenants housing needs so tenants are not placed into financially unsustainable situations.

The Council will:

- \* Engage with prospective tenants at pre-tenancy stage with advice and assistance to ensure they are prepared and can afford rent and other household expenses.
- \* Identify which prospective tenants requiring support to sustain a tenancy and provide a support package as they transition into Council accommodation.
- \* Ensure a detailed financial assessment is undertaken for all prospective tenants to ensure that can afford a Council tenancy.

## 4.3 Protecting the most vulnerable

Vision - Provide support for the most vulnerable and target households affected by welfare reform.

The Council will:

- \* Arrange appropriate and specific support for our most vulnerable tenants.
- \* Work with the third sector to offer specialist advice where appropriate; such as through our partnership with Age UK providing advice and support to elderly tenants eligible to apply for Attendance Allowance.
- \* Provide targeted employment advice and support.

#### **4.4 Support and advice**

Vision - Improve access to support, advice and financial services which improve tenants financial well-being

The Council will:

- \* Complete a financial / benefit health check at each sign up and agree a minimum 6 week action plan for new tenants identified as requiring support
- \* Train staff to support staff to apply for benefits, grants, Discretionary Housing Payments and Universal Credit
- \* Help tenants in arrears to agree an affordable payment plan
- \* Promote savings that can be made from online fuel accounts and switching suppliers
- \* Develop training courses for tenants who need help in using digital technology

These actions will help create successful, sustainable tenancies meaning the council will have fewer empty properties, lower operating costs, less rent loss and lower arrears. This means more money will be available to spend on services to tenants.

# 5. Delivery

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## The Financial Inclusion Team

The Council has invested significant resources in the Financial Inclusion team to work with potential and existing tenants so they are financially fully prepared, even before they move in and are equipped to sustain their tenancy.

This dedicated team helps households suffering from multiple debts or serious financial problems to stay in their homes. They can help with:

- Household budgeting
- Money and debt advice
- Benefits appeals and overpayment
- Arranging customer events and training on money matters
- Providing help and advice to open and use building society, credit union and bank accounts
- Sourcing advice on how to complete a CV, job application forms and prepare for an interview in order to help find work
- Access financial advice from other agencies

The team can be contacted by:

Telephone – 01709 822293

Email - [Rotherhamtenancysupport@rotherham.gov.uk](mailto:Rotherhamtenancysupport@rotherham.gov.uk)

The team can:

- Help you to complete benefit application forms
- Discuss payment plans
- Arrange direct debits
- Accept rent payments
- Offer help and advice by phone
- Attend tenancy sign-ups
- Run local surgeries
- Offer face to face home visits

These services will be available from 08:00-20:00, Monday to Friday and Saturday morning's between 08:30 – 12:30.

## 6. Resources

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National public spending reductions continue to affect the Council's overall resources and over the next three years, the Council will need to achieve savings of £41m, alongside the need to invest in children's social services, modernise adult social care, and ensure resources are available for other elements of the Council's improvement programme.

The delivery of this Financial Inclusion Plan contributes in many ways to the Council's overall financial position for example every tenancy sustained reduces the burden on other services such as the Homelessness team.

The increased income collection activity that will be required as a result of implementation of Universal Credit in Rotherham alongside the significant investment in tenant support services will assist in reducing tenant arrears and ultimately ensure more cash is available for investment in general housing services.

Through the significant investment in the service it is predicted that up to a further £940k of cash will be collected every financial year into the Housing Revenue Account. This is in addition to the reduction in support that will be required to be offered by other services to these tenants.

## 7. Governance

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This is the first Financial Inclusion Plan developed for housing. The Council are in a period of rapid change; following further development of the Corporate approach to tackling poverty throughout Rotherham, being led by the Corporate Policy team, it is intended to review the plan and where appropriate expand services to all tenants and residents.

This Plan was formally approved by Cabinet on 6 March 2017.

The success of the Plan will be monitored by Rotherham's Housing Improvement Panel, which will be responsible for receiving six-monthly progress reports. Success will be measured through a series of performance indicators. Appendix 1 sets these out in further detail.

## 8. Appendix 1 – Performance Indicators

KPI	Activity	Success Criteria	Measure
FIS1	Financial Inclusion Strategy Action Plan	Percentage of actions which are on target, or ahead of target date	Quarterly Monitor <b>R (&lt;75%)</b> <b>A (75-90%) G (&gt;90%)</b>
FIS2(a)  FIS2(b)	FIS* staff providing advice and support to tenants with rent arrears and other financial difficulties  *Financial Inclusion Service	a) Amount of additional welfare benefits sourced and claimed, and  b) Resulting rent arrears reduction when case closed	Monthly trend analysis will highlight direction of traffic for :- a) Additional welfare benefits claimed b) Rent arrears change from when case opened to closed
FIS3	Interventions with prospective and new tenants ensuring rent payments are initiated from start of tenancy	Percentage of new tenants with clear rent balance after 8 weeks from start of tenancy	Monthly trend analysis will highlight direction of traffic and gap analysis
FIS4(a)  FIS4(b)	Interventions with Universal Credit (UC) claimants which result in successful rent payment arrangement	Percentage of UC claimants who have no rent debt, or a reduced rent debt after a) 3 months and b) 6 months of receiving benefit	Monthly Monitor a) <b>R (&lt;50%)</b> <b>A (50-60%) G (&gt;60%)</b> b) <b>R (&lt;55%)</b> <b>A (55-70%) G (&gt;70%)</b>
FIS5	Bespoke solutions to prevent possession proceedings being required after referral to FIS staff	Percentage of cases where possession proceedings were not required due to FIS activity	Monthly trend analysis <b>R (&lt;50%)</b> <b>A (50-70%) G (&gt;70%)</b>
FIS6	Timely referral to other agencies in order to improve support offer to vulnerable tenants	Successful outcome can be evidenced with reduced debt and / or sustained tenancies	Monthly trend analysis <b>R (&lt;50%)</b> <b>A (50-70%) G (&gt;70%)</b>
FIS7	Number of tenants switching energy supplier resulting in reduced outgoings	Tenants are better equipped to manage bills and then prioritise rent payments	Monitoring of monthly trend analysis will highlight direction of traffic

FIS8	Number of tenants referred into training or employment through 'employability' interventions	Will contribute to promoting employment and reducing worklessness in the Borough	Monitoring of monthly trend analysis will highlight direction of traffic or gap analysis
FIS9	Number of tenants referred to and taking up the use of Credit Union services	Evidenced reduction in the use of high interest lending providers and use of saving products through Credit Unions	Monitoring of monthly trend analysis will highlight direction of traffic or gap analysis
FIS10	Number of school aged children who attend financial education sessions organised by FIS service	Feedback from schools on the level of awareness and understanding of financial issues following sessions	Quarterly trend analysis will highlight direction of traffic and influence future activity / action planning
FIS11(a)  FIS11(b)  FIS11(c)	Evaluating tenant satisfaction with FIS provision through a bespoke customer satisfaction survey when FIS case is closed - agree	Increased number of tenants who are:- a) Confident in making financial decisions due to FIS support b) Able to use online / digital self-service in the future c) Satisfied with level of FIS support provided to them	Monitoring of monthly trend analysis will highlight direction of traffic for both individual and team performance highlighting gap analysis to inform service change