

# National Assembly for Wales

## Children, Young People and Education Committee

### FEI 14

## Financial Education and Inclusion (Wales) Bill

### Evidence from : Community Housing Cymru Group

#### About Us

The Community Housing Cymru Group (CHC Group) is the representative body for housing associations and community mutuals in Wales, which are all not-for-profit organisations. Our members provide over 155,000 homes and related housing services across Wales. In 2012/13, our members directly employed 8,000 people and spent over £1bn in the Welsh economy.<sup>1</sup> Our members work closely with local government, third sector organisations and the Welsh Government to provide a range of services in communities across Wales.

#### Our objectives are to:

- Be the leading voice of the social housing sector.
- Promote the social housing sector in Wales.
- Promote the relief of financial hardship through the sector's provision of low cost social housing.
- Provide services, education, training, information, advice and support to members.
- Encourage and facilitate the provision, construction, improvement and management of low cost social housing by housing associations in Wales.

In 2010, CHC formed a group structure with Care & Repair Cymru and CREW Regeneration Wales in order to jointly champion not-for-profit housing, care and regeneration.

#### General points

CHC welcomes the opportunity to respond to the proposals for a Financial Education and Inclusion Bill and to address the issues raised. Our members provide homes and services to some of the most vulnerable members of our communities and we therefore recognise the value of financial education, particularly in the context of UK Government welfare reforms and spiralling personal debt levels.

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<sup>1</sup> Measuring the Economic Impact of Welsh Housing Associations, November 2012  
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Many housing association tenants are financially excluded and consequently at risk of homelessness and social exclusion. We estimate that social housing tenants make up 60% of all financially excluded individuals and are therefore likely to have low levels of financial capability.<sup>2</sup>

Welsh housing associations undertake huge amounts of preventative work via their own anti-poverty and financial inclusion and education programmes and initiatives to try to tackle this. They work in partnership with local authorities, credit unions, Moneyline Cymru, advice agencies and the Your Benefits are Changing campaign to develop well-rounded, accessible services. This support is particularly important in light of impending direct payment of rent to the claimant, under Universal Credit.

This year our Budget Bus and advisers attended 14 community days held across Wales and 3 public events - Pride Cymru, Pontypool Carnival and Cardiff Hayes. Since the beginning of July we have:

- Started 839 new advice cases
- Distributed over 7,000 pieces of literature
- Spoken in detail to 2,190 people about changes that affect them directly
- Explained the impact Universal Credit would have on the 44% of households who had never heard of it.

CHC's Welfare Defence project has to date:

- Opened 4,500 cases
- Produced £1.6m in financial gains
- Spoken to over 6,000 people at community events
- Distributed over 150k pieces of literature
- On average, 6,615 visitors per month have accessed our website. Each visitor stays on the site for approximately 1 minute and 48 seconds and visits an average of 3 pages. 25% of total website traffic has come from social media.
- Over 10k views of our Universal Credit video on You Tube

## Response

- 1. In response to the need for a Bill for the purposes of; improving financial capability amongst children; strengthening the role of local authorities; giving local authorities**

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<sup>2</sup> Financial Inclusion and Housing: Baseline survey, Chartered Institute of Housing  
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## **duties around providing advice; and providing financial advice to Looked After Children and students:**

It is our belief that provision around financial education is improving. For example, financial education has been embedded in the revised school curriculum for 7-19 year olds and the Money Advice Service is funded to provide financial information.

Our own evidence bears out the research carried out by Bethan Jenkins AM. For example, the combined data from Charter Housing and Newport City Homes of void tenancies in 2011 found the following:

- The number of tenancy terminations is significantly more for the 16-24 age group than any of the other age groups or the total average (95% confidence level). Comparing the number of voids in 2011 to the current number of lead tenants by age shows that the percentage of voids for 16-24 year olds is 20% and the 25-34 age group is 13.8%, while the average is only 10%.

In response to these findings, a Newport-based pre-tenancy training project for young people which is supported by all the major registered social landlords in the city was set up. The Newport-based **MiPad** works with young people. Three young MiPad participants, who are **Charter Housing and Solas Cymru** tenants, work with Charter staff to create new learning resources for the course which was launched in May 2012. The young people worked with MiPad project officers for two months to produce a short film on youth debt and a new home handbook for young people. The MiPad project enables young people to make informed decisions for themselves about their finances. MiPad is delivered by Newport City Council and Supporting People, along with Linc-Cymru, Newport City Homes, Charter and Melin, and aims to help potential young tenants to:

- Understand the terms of a tenancy agreement and practical implications/responsibility
- Manage their finances/budgeting
- Develop practical skills in terms of managing a home for the first time, eg cooking
- Set personal goals - Looking at self-esteem and goal setting for training and employment
- Keep a clean and safe home (health implications)
- Understand common tenancy management breaches – noise, nuisance and taking responsibilities for visitors

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One of the focuses of the MiPad project is care leavers as they are more likely than non-care leavers to move directly into social housing. We are therefore supportive of the Bill, which places specific obligations on local authorities to ensure that LACs receive financial education.

The introduction of the Welfare Reform Act in 2013 with its new Universal Credit system also heightens the need for financial education. Young people with little experience of independent living and budgeting will need to successfully manage the proposed monthly benefit payment so they can financially sustain a tenancy.

The Act also places responsibility on young people to manage their Universal Credit claims – which will respond to change in circumstances, such as fluctuating work patterns – through an online account. Evidence shows that young tenants in low-paid irregular work are the most likely to build rent arrears, as they struggle with managing the corresponding adjustment in benefits.

The use of an internet-based system to administer payments could also result in a loss of face to face benefit advice that could put young and inexperienced people at a disadvantage.

The trend in housing young people is moving towards shared accommodation, highlighted in the 2012 Joseph Rowntree report, 'Foundation housing options and solutions for young people in 2020'. Many will need support on how to do this successfully.

We believe that every local authority should be required to have a strategy which outlines how it will work with stakeholders and individuals to promote financial inclusion and capability. This is particularly important in light of recent welfare reforms such as the 'bedroom tax', when more people are struggling financially and struggling to understand changes which will impact on them.

Welsh housing associations have for many years developed their own financial inclusion strategies to review internal mechanisms for accessing advice and support and to formalise arrangements with voluntary sector partners and others.

Prior to formalising their work in strategies, housing associations were already successfully delivering on the financial inclusion agenda. However, developing strategies helped them to build on previous financial inclusion work, identify gaps in provision and address need, and also to provide greater clarity in respect of how they deliver an effective and all-encompassing financial inclusion programme to their tenants and the wider community.

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By developing a financial inclusion strategy, a local authority could expect to see reduced rent arrears, reduced abandonment of properties, reduced homelessness and more settled communities as wealth remains within communities.

Financial inclusion, by its very nature, requires organisations to work together due to cross-cutting themes. Often this will require one organisation to take the lead. In many ways, local authorities are best placed to play the lead role but this has not always happened. The new anti-poverty champions in each local authority must make the links with anti-poverty and financial inclusion and education.

In Monmouthshire, much has been achieved in joining up financial inclusion work. Whilst RSLs led on the financial inclusion agenda, they have managed to develop a partnership approach. After 5 years, the local authority in Monmouthshire agreed to lead the work.

Coherent local authority financial inclusion strategies can help the current disconnect between anti-poverty initiatives and the financial inclusion agenda and promote value in public services and delivery of truly joined up services. However, there is a view that compulsory financial inclusion strategies could in fact foster a less flexible approach to financial inclusion and that this type of work can be included into Single Integrated Plans.

There is already a huge amount of work being undertaken to ensure that all partners work effectively together.

For example, Financial Inclusion Together is a Local Service Board project supported by the European Social Fund through the Welsh Government. The project aims to tackle poverty by developing, co-ordinating and promoting financial inclusion services across North Wales. Clwyd Alyn Housing Association is a partner agency in the project which is about ensuring that everyone has the opportunity to access the financial advice, services and products needed to participate fully in society.

Training is delivered to front line staff, including project workers in young people's supported living projects, so that they can help impart information to residents on the following topics:

- Access to mainstream credit
- Financial capability (including digital inclusion)
- Accessible financial and debt advice

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- Income maximisation
- Access to affordable credit and loans

The overall aim of the project is to improve the strategic co-ordination and collaboration of services across North Wales to ensure that financial inclusion is integrated and embedded into the normal service delivery of relevant public, private and third sector organisations.

## **2. Does the Bill deliver the stated objectives?**

We believe that the Bill's objectives are sound, particularly around delivering consistency. However, the breadth and success of existing work must be taken into account to ensure that unnecessary restrictions are not placed upon local authorities.

## **3. Are sections of the Bill appropriate to bring about the purposes, as described?**

The documents that accompany the Bill state that the aims of the Bill include improving the financial capability of children and young people in Wales. The Bill also refers to students and the duty to provide information to students. However, Registered Social Landlords are particularly concerned about the group of young people that fall in between these two groups (of children and students), who might be housed in supported living projects for young people. Many such residents have been dis-engaged with the school education process and if that continued under the Bill, they would not be targeted in order to receive this support to improve their financial capability. Consideration to include this group within the Bill would be useful.

## **4. How will the Bill change what organisations do currently and what impact will such changes have if any?**

Better partnership working and duty on local authorities to deliver advice and preventative services could impact positively on the existing work of RSLs and help to ease the pressure on advice and support services, who often first engage with clients when they are at absolute crisis point. The preventative nature of the Bill should help to ease the pressure created by the deep funding cuts across all advice services. According to Citizens Advice Cymru's Annual Review 2013/14, 31% of their appointments were taken up with debt issues.

## **5. What are the potential barriers?**

Section 13 refers to the duty towards providing advice in relation to financial management to students. Section 2 of the Act provides the differing definitions for financial education, financial inclusion, financial management and financial services. Under these definitions, students would not

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receive financial education or financial inclusion advice. The differing duty to different groups could make the process more complicated and could be a possible barrier to its success.

## **Community Housing Cymru**

**September 2014**

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