



South Cambridgeshire District Council

FINANCIAL INCLUSION STRATEGY

2015-2017



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1. Foreword

The financial inclusion strategy has been developed by housing staff in order to highlight existing services which are available from the Council to support financial wellbeing and to help identify areas for future service development in the District.

Improving the quality of life for South Cambridgeshire residents is an important priority for the Council; whether this involves investing in business to secure jobs, improving work skills, tackling debt or improving access to financial services.

For those living in lower income households, life today is the hardest it has been for a generation. Whilst jobs offering decent pay are scarce, families and individuals are struggling to afford even the basics to get by. The reality for many low income households can be using payday loans to fund the rent, unpaid bills stacking up behind the sofa and phone calls being left unanswered in case its debt collectors on the other end.

The implementation of this Strategy will ensure that we play our part in helping to reduce financial exclusion experienced by residents, leading to an improvement in health and wellbeing for some of the more disadvantaged households living in the District.

It is recognised that this strategy is a housing focused document, concentrating on our rented housing service. However, it links in via the regional financial capability forum to other housing provider's financial wellbeing/anti-poverty strategies and the County Council's family/children support strategies.

2. What will the Financial Inclusion Strategy do?

The Financial Inclusion Strategy is a supporting document to the Council's Housing Strategy and sets out our plans to help improve the financial wellbeing of residents within the District, by offering a range of services which will help to minimise financial exclusion.

The Strategy aims to set out:

- What Financial Inclusion is and to help target those households most at risk from being financially excluded.
- The work currently happening across the District to support Financial Inclusion.
- Our future priorities for tackling Financial Exclusion.
- When we will do this by and how it will be done.

3. Financial Inclusion/ Exclusion explained

3.1 What is Financial Inclusion/Exclusion?

Financial Inclusion is defined as the ability of an individual, household or group to access appropriate financial services or products. Financial exclusion is where people do not have access to these services.

People that are financially excluded might:

- Not be able to access affordable credit
- Have difficulty, or not want, to obtain a bank account
- Be financially at risk through not having home insurance
- Struggle to budget and manage money or plan for the unexpected
- Not know how to make the best of their money
- Be most at risk from fuel poverty



The causes of financial exclusion are varied and complex and can range from an inability to access mainstream banking services and poor financial literacy, through to powerful cultural influences. The above diagram shows a range of issues often linked to financial exclusion.

Whilst it could be argued that South Cambs is a relatively affluent area with good employment opportunities, set out below are some facts about the area which shows there are many low income households who need our help.

South Cambridgeshire Population:

148,800 - predicted to grow to 188,400 by 2031.

Total Number of Households:

60,000 of whom 7,004 (11.7%) are in receipt of Housing Benefit (means tested). South Cambs have a stock of 5,318 rented properties of whom 2,860 (53.8%) are in receipt of Housing Benefit (means tested). 6,300 working age clients claiming benefits (6.8% of the working age population in South Cambs compared to 14.7% in England & Wales).

Eight out of ten financially excluded people live in socially rented accommodation.

3.2 Who is most likely to be affected by Financial Exclusion:

Following national research by the Chartered Institute of Housing (CIH) those most likely to be affected by financial exclusion are:

- **Single parents**
- **Over 60s**
- **People with disabilities**
- **Young adults between 18 and 24**
- **People who are homeless**
- **Low income households and /or in receipt of benefits**
- **Refugees and asylum seekers**
- **Living in local authority or housing association accommodation**

The causes of financial exclusion can be attributed to a variety of reasons but will usually be due to a change in circumstances such as:

- **Losing your home**
- **Losing your employment**
- **Breakdown of relationship**
- **Illness, disability or bereavement within the family**
- **New parents**
- **Change of benefit entitlement/delay processing benefit**
- **Start of a new business**
- **Going in to or coming out of prison**
- **Reduction in income**

3.3 Measuring the Impact of Financial Exclusion.

It has been estimated that individuals on low incomes pay a 'poverty premium' of approximately £1,000 per year in accessing basic financial services and utilities through the use of pre-pay utility meters, cheque commission charges and the use of non-standard credit (such as home credit lenders/pay-day loans).

The issues surrounding financial exclusion and financial capability can have an impact on an individual's lifestyle, putting them at risk of social exclusion as well. Social exclusion then has a wider bearing on our communities - affecting health, family breakdowns, crime levels, the environment we live in and an individual's ability to contribute equally.

The impact of financial exclusion causes additional hardship and disadvantages to those affected. Typical examples being:

- Inability to set up direct debits to make payments or receive salary without a bank account reduces ability to obtain work
- Paying more for utilities – people without access to direct debits pay an extra £70-£100 per year for their energy bills
- Not being able to access affordable credit and relying on alternative credit at high rates of interest or illegal lenders/loan sharks
- Lacking the financial comfort provided by a small amount of savings or insurance products which can reduce unexpected financial pressures
- Lack of access to impartial advice, particularly on debt problems

4. What are we doing now?

4.1 Low cost Home Contents Insurance:

Half of the poorest 10% of households have no home contents insurance, compared to 78% of the population as a whole who have insurance.

During 2013 we went through a procurement exercise which resulted in the introduction of the 'Crystal Insurance Scheme'. This new scheme offers all South Cambridgeshire District Council tenants and leaseholders the chance to insure their home contents and belongings in an easy and affordable way.

Premiums start from just £1.50 per fortnight or **£27.06 per year** for tenants aged under 60, (£9,000 sum insured) and £1.15 per fortnight or **£18.04 per year** for tenants aged 60 and over (£6,000 sum insured).

Some of the benefits of the scheme are:

- There are no minimum home security requirements.
- There are no excesses to pay (you don't pay the first part of a claim).
- Optional extras such as extended accidental damage and cover for personal possessions (items away from the home), and much more are also available for an additional premium.

- Damage to fixed glass in doors and windows which the tenant is responsible for under the terms of the tenancy agreement is covered.
- Flood and water damage is included as standard.

The scheme is promoted by housing staff when signing up new tenants and is advertised on our website and in newsletters.

4.2 Quids In! Magazine:

Quids In! Magazine is produced by Social Publishing Project Ltd and provides information and advice on money management, budgeting, benefits, utilities, saving & borrowing, debt and moving costs.

We have invested in a stock of their special edition (Quids In! New Tenants Guide) and issue a copy to new tenants at sign up. This was introduced late in 2014. Further information is available at www.quidsinmagazine.com. We will review tenant's responses to this information and consider investing in further issues during 2015/16.

4.3 Credit Unions:

The 'payday loans' industry now supplies more than 8 million loans annually representing a value of more than £2.2 billion in 2012/13. This industry has grown dramatically over recent years largely due to a gap in the credit market which mainstream banks are unwilling to fill.

Charging extremely high rates of interest is common practice and often people using payday lenders end up paying back many times the amount they borrowed - especially if the loan is not repaid in full (with interest) within usually very short timescales.

The Government is also concerned at the rapid growth of this industry and is beginning to introduce some regulation to help safeguard customers, however there needs to be a viable alternative for lower income households.

Credit Unions are not for profit financial institutions which provide loans, savings accounts and other financial services. They are supported by a range of agencies such as the Department of Work and Pensions, Councils and Housing Associations.

Rainbow Saver Anglia Credit Union is keen to grow its membership in the Cambridgeshire Region and we are keen to work with them to help achieve this. They are also working closely with Cambridge City Council and plan to open a shop front in Cambridge during 2015.

Rainbow Saver Credit Union has thousands of members all across East Anglia who save when they can, and borrow when they need to. It is a financial co-operative which is owned and managed by its members, with many volunteers and a few paid staff, providing a safe place to save as well as low cost loans. The Head Office is in Lowestoft at 229 London Road, South Lowestoft, Norfolk, NR33 0DS.

Rainbow Saver Credit Union aims to:

- Help members to save regularly
- Lend to members at reasonable rates of interest
- Provide advice and support to help members look after their money
- Help everyone in the community benefit from the services available.

At certain times each week Rainbow currently has a presence at;

- Owl café, Sawston
- John Huntingdon's Charity office, Sawston
- Cherry Hinton Baptist Church
- Mandela House, Regent Street, Cambridge
- St. Andrew's café in Histon.

These are usually staffed by volunteers.

Credit Unions offer a range of banking services including a pay-as-you-go visa card facility and will potentially be very useful for some tenants when universal credit is introduced. They can accept benefit payments direct and set up regular payments to landlords helping members to manage their finances without going in to debt.

We are proposing to make a community investment payment to Rainbow Credit Union so that South Cambs tenants can join the credit union for free, have access to pay-as-you-go visa cards free and access small loans at more reasonable rates of interest without having to save regularly for months prior to taking out a loan.

4.4 Rental Exchange Scheme:

South Cambs are working with the Big Issue and Experian to introduce a rental exchange scheme for South Cambs tenants and leaseholders.

Access to insurance, credit and other financial services is cheaper and more readily available to those people who have a good credit rating/history.

For people in local authority or housing association rented properties it is much harder to get a good credit rating as rental payment history is not usually recorded. This represents an inequality with home ownership as mortgage payment history is typically used to support credit ratings.

By working with Experian we are looking to set up accurate and secure rental payment history information exchange which will support more accurate credit ratings for our customers and help provide them with cheaper financial services.

4.5 Intensive money/debt/benefits advice service:

South Cambs works in partnership with Citizens Advice Bureaus (CAB) across the region and provides direct funding for local services. This enables us to offer tenants free, unbiased and confidential advice delivered by experienced CAB advisers.

Cambridge and District CAB is the lead member of the four bureaux, which together achieve 100% coverage across the district. South Cambs grant fund these services through the Service Support Fund to provide both general and specialist advice.

Appointments are offered on Tuesdays and Thursdays at South Cambs' offices and telephone/home visit support is also available in some cases. Advice is provided on;

- Budgeting and saving
- Getting good deals
- Claiming the right benefits
- Dealing with debt

In the future it will be important to continue financial support for the CAB, although this is at risk due to the overall financial climate and need to save money. At present South Cambs grant fund Cambridge and District CA, North Hertfordshire CAB, Uttlesford CAB and West Suffolk CAB.

CAB's are ideally placed to provide specialist support to residents leading up to and working through the introduction of Universal Credit, which potentially could have a large negative impact on low income households as well as putting our rental income stream at risk.

4.6 Minimising the Impact of Welfare Reform changes:

South Cambs has put considerable effort and resources into minimising the impact on low income households of the recent welfare reform changes.

Actions taken so far include:

- Recruitment of Under-occupation officer to help people downsize/provide advice on how to improve personal finances.
- Communicated regularly with affected households and targeted Discretionary Housing Payments (DHP) on households struggling financially including topping up Government DHP funding from HRA.
- Introduced a 'help to move' scheme as part of the Under-occupation policy helping people to downsize if the household is affected by the removal of the spare room subsidy (bedroom tax).
- Working in partnership with a local HA (King Street Housing) offering support for an accredited lodger scheme.
- Working in partnership with a local provider to offer work skills development currently being delivered by CHS Group.
- Working in partnership with Cambridge CAB to offer financial/benefits advice.
- Offering volunteering opportunities including training and skills development via TPG membership/getting involved in tenant scrutiny.

The intention is to continue this impetus of support, working alongside partners to help minimise the impact of on-going welfare reform changes with the most significant being the introduction of Universal Credit (UC). Digital inclusion will become more important as UC is introduced over the next few years and plans for

this are set out in our Digital Inclusion strategy.

4.7 Collection point for local food banks

We are currently set up as a collection point for food bank donations, which are then delivered to local food banks for distribution. We have promoted this scheme and made links with local community groups and schools helping to raise donations. The current outlet for the majority of our donations is a food bank in Sawston run by the John Huntingdon's Charity. Sawston is where we have our largest concentration of rented properties (over 400) in the District.

At present there is a concentration of food bank services within Cambridge City. As it can be both difficult and expensive for many of our residents to travel into Cambridge, we will aim to work with other organisations and charities to support more food bank facilities in the District.

Housing options and advice officers are able to issue food bank vouchers to those presenting as homeless, as well as benefits officers who support households in financial hardship.

4.8 Rent Deposit Scheme

There is a shortage of properties in the area and a huge demand for accommodation. This means that we are unable to offer accommodation to many of the people applying through the housing register each year, so it is important to explore what other housing options are available.

We currently run a Rent Deposit Guarantee Scheme in partnership with King Street Housing Society. The scheme helps people who are homeless, or threatened with homelessness, to find private rented accommodation. Private Landlords usually request a deposit as security against non-payment of rent or damage to property. The scheme will support a prospective tenant by providing a loan to meet the cost of the deposit and in some cases the first months rent (if not available from anywhere else).

4.9 Tackling Fuel Poverty:

The Council wants to reduce the number of tenants experiencing fuel poverty and at the same time reduce the carbon footprint of the District's housing stock. This is particularly important with the recent introduction of welfare reforms - HB withdrawal of the spare room subsidy, benefit caps and council tax benefit restrictions causing financial hardship for many low income households.

For our Council stock we are aiming to achieve an average SAP rating of 70 (Energy rating C) by the end of 2015 together with a reduction in average CO2 production of 0.28 tonnes per annum.

Fuel poverty is defined as the need to spend more than 10% of household income on domestic energy in order to achieve a warm and healthy indoor environment.

To help understand the extent of fuel poverty in our own stock, the Council undertook a survey of tenants in relation to their heating systems in 2011. Information gained from this survey has helped prioritise spending on heating system updates and helped to identify those tenants who are unable to afford to run their current systems and who may benefit from any renewable energy initiatives that could be available in the future.

- For those tenants with oil heating 51% of respondents said they spend more than 10% of their income on heating, with 5% saying they do not use their oil heating system.
- 64% of respondents who had electric heating felt they were in fuel poverty, the majority of whom had storage heaters.

In comparison to the private sector there is a much higher level of fuel poverty due to the majority of tenants being on lower incomes and/or in receipt of means tested benefits.

Our key aims to help tackle fuel poverty are set out in our **Warmer Homes Strategy** (Council Homes) 2011/12 – 2015/16 which sets out 22 targets within 5 main Aims:

1. To identify levels of fuel poverty and target assistance to the most vulnerable groups (4 targets).
2. To raise awareness of the benefits of energy efficiency and provide advice (7 targets).
3. To improve levels of knowledge of energy efficiency/fuel poverty/maximisation of income (6 targets).
4. To encourage the maximum take up & targeting of benefits & energy efficiency grants (2 targets).
5. To alleviate the adverse effects on health of inefficiently heated or insulated homes (3 targets).

Our **Affordable Homes Asset Management Strategy** 2011/12 – 2015/16 sets out how expenditure/budgets will be aligned to help achieve these aims. TPG representatives are consulted each year on priorities for capital expenditure and support our priorities to tackle fuel poverty. In 2015/16 42% of the capital works budget is earmarked for expenditure on heating installations/upgrades and energy conservation, in comparison to 11% on kitchen and bathroom replacements.

Energy advice

We will investigate the potential for partnerships to maximise the benefits of funding and ensure tenants are encouraged to seek the best priced energy supplier for their needs by advertising and promoting schemes such as 'u switch' and websites such as 'goenergyshopping.co.uk'. We will support local volunteer groups across the District to help communities and residents cut energy costs and become less dependent on increasingly expensive fossil fuels through the South Cambridgeshire Sustainable Parish Energy Partnership.

Lifestyle - mould/condensation

As well as producing helpful information leaflets and training front line staff, we have partnered with our maintenance contractor to provide a tailored service to support

frail/vulnerable tenants tackle properties where condensation/black mould has become difficult to treat.

The Warm Homes Strategy, as well as helping our tenants save on energy costs, will be integral to cutting carbon emissions from the built environment by 29% by 2020 - in line with government commitments. The Council will seek where possible to access grants to improve the thermal efficiency of properties and introduce innovative sustainable energy efficient heating solutions. Partnerships will be sought to maximise the benefits of funding and ensure that tenants are encouraged to seek the best priced energy suppliers for their needs, including investigations into the possibility of entering into a fuel consortium for oil purchase on behalf of tenants to take advantage of economies of scale.

The Council is working in partnership to install solar photovoltaic (PV) panels to the roofs of Council owned homes in the district that are suitable to maximise the solar gain. Electricity will be generated and free to use during the daylight hours reducing the electricity bills for many families. We have also secured EU funding through a joint bid with the County Council to provide a revenue funded post for three years to take forward our Warm Homes Strategy and tackle fuel poverty.

Our initial target was to install PV panels to 500 homes by March 2012, however by December 2014 we had achieved approximately 2,500 installs.

The Council has also been successful in bidding for LEAF funding (Local Energy Assessment Funding) which has been made available to finance projects that increase understanding and uptake of energy efficiency and renewable energy technologies and help to make energy supply secure and affordable for everyone in the community. The funding has been secured to fund a project to look at how fuel poverty impacts on the gypsy and traveller community.

5. Our future priorities for tackling financial exclusion

Our Vision for Housing –

To be the best housing service by providing good quality housing across all tenures that is accessible to all – that enhances residents' quality of life, their health and wellbeing, that supports economic growth and social opportunities, alongside improved energy security and reduced carbon footprints.

By developing policies and measures to promote financial inclusion we will be helping residents within the District improve their quality of life and health and wellbeing which in turn will support economic growth and social opportunities within the community.

The development of the strategy and its related action plan seek to deliver against our three key Corporate aims of:

- **Engagement:** Engage with residents, parishes and businesses to ensure we deliver first class services and value for money.

- **Partnerships:** Work with partners to create opportunities for employment, enterprise, education and world-leading innovation.
- **Wellbeing:** Ensure that South Cambridgeshire continues to offer an outstanding quality of life for our residents.

We will continue to work with our partners across the District to provide services which prevent financial exclusion and will review and monitor this regularly through the Financial Inclusion Strategy Action Plan (Appendix 01).

6. Consultation and Monitoring Performance

6.1 How we consulted

Consultation with TPG representatives and staff has taken place prior to considering new services/initiatives for development within the District. Rainbow Savers Anglia Credit Union have given presentations to TPG members and staff during 2014.

6.2 How we will monitor performance

The Financial Inclusion Action Plan (Appendix 01) will be monitored by the Housing Services Management Team as part of the wider performance monitoring of the Housing Strategy and updated annually. Progress and achievements will be publicised through the South Cambs Magazine, TPG and staff forums.

The Action Plan is intended to be a live document to ensure it continues to meet our key objectives during the lifespan of the Strategy.

6.3 How we will resource the Financial Inclusion Strategy

Wherever possible we will look to work with partner organisations in order to provide effective services that are good value for money. Funding opportunities will be explored where available as part of the Strategy's Action Plan implementation.

Staff Resources: Financial Inclusion (including the development of new initiatives and monitoring progress against agreed actions) will come under the remit of the Resident Involvement Team, overseen by the Strategic Housing Section.

7. Contacts and further information

If you require any further information about the Financial Inclusion Strategy please contact the Housing Strategic Team on 01954 713037 or email peter.moston@scambs.gov.uk

Once adopted information regarding this strategy will be published via our newsletter and on South Cambs Web-site.

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FINANCIAL INCLUSION STRATEGY ACTION PLAN				
What	How	Expected Outcome	When	Progress/Action needed
Ensure tenants and leaseholders have access to good quality affordable home contents insurance.	Tender service and find a suitable provider to partner with.	Good quality low cost home contents insurance policy available to tenants and leaseholders.	2013 Dec 14	Complete. Low take up in first year – need to re-launch/promote Newsletter article post flooding complete Review/progress meeting with Crystal Insurance needed Target to increase take up by 50% during 2015
Promoting Credit Unions.	Identify a Credit Union who covers Cambs area to work with.	Credit Union membership and financial services available to South Cambs residents.	2014 02/06/14 30/10/14 Dec 14 March 15 April 15	Credit Union Identified - Rainbow Savers. TPG presentation by Rainbow complete Presentation to staff by Rainbow complete Newsletter article promotion complete Proposal to fund £10K report to Housing portfolio holder Payment to credit union made and Service Level Agreement in place

Appendix 01 | Financial Inclusion Strategy Action Plan

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What	How	Expected Outcome	When	Progress/Action needed
<p>Ensure free independent debt/money/benefits advice service available to those experiencing financial hardship.</p>	<p>Partner with Cambs and rural CAB's to ensure customers have access to good quality financial advice.</p>	<p>Customers have access to free impartial, professional money advice.</p>	<p>In place and on-going.</p>	<p>Complete Service regularly advertised and take up significant from SCDC tenants.</p> <p>Relevant Staff aware and customers signposted to service. SCDC office appointments available Tuesdays/Thursdays.</p> <p>Future funding at risk?</p>
<p>Minimising the Impact of Welfare reform changes.</p>	<p>Provide advice and support to all affected households</p>	<p>All affected households have access to correct help & information</p>	<p>2013/14</p>	<p>Complete and On-going</p> <p>Under-occupation policy in place Complete</p> <p>Help to move scheme - complete</p> <p>Produce one-year on report - complete</p> <p>Accredited lodger scheme Employment skills development CAB referrals TPG opportunity to get involved/receive free training</p>

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What	How	Expected Outcome	When	Progress/Action needed
Ensure low income households have support to access private sector housing.	Maintain rent deposit scheme along with good quality housing advice service.	Those households threatened with homelessness can access private rented sector.	In place	In place and on-going. Working in partnership with King Street Housing. Review effectiveness/advertising?
Tackling Fuel Poverty	Through implementing the Council's Warm Homes Strategy 2011/12-2015/16 and Asset Management Strategy 2011/12-2015/16	Less tenants experiencing fuel poverty. Safe homes, in a good state of repair, free from risks to occupants health including offering adequate thermal comfort. Reduced CO2 production from SCDC stock	2015 2014/15	Increase capital programme expenditure on heating upgrades and energy conservation in consultation with TPG. Complete & on-going – 2015/16 43% of capital budget Initial target to Install PV panels to 500 homes by March 2012. Completed 2,500 install's by December 2014. Reduce CO2 production by 0.28 tonnes per annum and achieve an average SAP rating of 70 – Energy rating C (SCDC stock) by the end of 2015. Apply for EU funding through a joint bid with the County Council to fund a post for 3 years to take forward the Warm Homes strategy. Completed 2013 Local Energy Assessment Funding (LEAF) funding secured to look at how fuel poverty impacts on the

Appendix 01 | Financial Inclusion Strategy Action Plan

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<p>Tackling Fuel Poverty <i>(continued...)</i></p>			<p>gypsy and traveller community.</p> <p>Continue to bid for funding to improve the thermal efficiency in the Council stock and introduce innovative sustainable energy efficient heating solutions.</p> <p>Ensure tenants have information and advice on how to access the cheapest utility suppliers for example by advertising websites such as U switch.</p>
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