

This learning point captures the learning from the Scottish Centre for Regeneration (SCR) event on financial inclusion. The event included speakers from the Department of Work and Pensions, Scottish Government, *Now Let's Talk Money* campaign, housing associations, credit unions and the Financial Services Authority.

The views expressed in this learning point are those of participants at this event and are not necessarily shared by their employers, SCR or the Scottish Government.

What are the main issues?

- Housing associations have a wide range of roles and responsibilities. How does financial inclusion link with wider issues such as homelessness, voids and allocations?
- Promoting financial inclusion requires skilled staff. Do housing association staff have these skills? Or how can they work with other agencies which do have them?
- Financial exclusion isn't always obvious. How do we identify early symptoms of financial exclusion and work to address these?
- Financial inclusion is linked to wider issues of poverty and regeneration. How can we make better links between financial inclusion and the wider community planning agenda?
- Access to affordable credit is a key issue. Do the private, public and voluntary sectors have a positive role to play in addressing financial exclusion? If so, how can they make affordable credit more widely available?
- Addressing financial exclusion requires joint working. How can housing associations work effectively with other local organisations to promote financial inclusion?
- How can we break the cycle of intergenerational poverty?

What is already known?

- The Scottish Government has a strategic priority to spread wealth across the nation – across



different areas, social groups and generations. This involves preventing poverty, promoting financial inclusion and alleviating the impact of poverty.

- Financial inclusion means ensuring that everyone can access financial services – including banking, affordable credit, insurance and free money advice. It also includes developing the skills and knowledge to make best use of these services.
- People who are financially excluded can be even more at risk of falling into further problems. For example, if people don't have a bank account this can exclude them from other financial services, prevent them from using cheaper ways to pay bills and make it harder for them to get into work.
- Housing associations are well placed to promote financial inclusion. They have often built up trust with their tenants and the wider community, and have a local connection with the areas they serve. Financial inclusion is an important part of regenerating areas.
- Promoting financial inclusion is complex. We need to work collectively and creatively to tackle problems over the long term.

What has been learned?

Financial inclusion covers a range of issues.

- The language we use to describe financial inclusion is important. There is some confusion about exactly which services are covered by the term 'financial inclusion'.
- The new Scottish Government is moving towards

using slightly different language to describe exclusion – using words like ‘poverty’ and ‘low income’. This language recognises the underlying problems which contribute to financial exclusion.

- Financial exclusion can involve more than one issue. It can mean not having access to a bank account, debt or a problematic credit history, low financial literacy or lack of confidence, aspiration or mobility in financial issues.
- It is important that housing association staff know and understand these different indicators of financial exclusion and how they can work to address these with the greatest impact.

Joined up working is essential.

- Many different areas and themes impact on financial inclusion – including housing, community planning, employability, education and health.
- This can create a positive and integrated approach, helping to avoid stigmatising services and encourage more people to access them. It can ensure that people can get the range of support they require in an accessible and user-friendly way.
- But there are challenges to working jointly, including the time taken to build relationships. The funding context is quite fragmented, making it difficult to work jointly over the longer term. Housing associations are often not sure how to work effectively with other local organisations, when there can be territorialism and competition for funding.
- Although joint working is vital, financial inclusion also needs leadership and co-ordination to support and encourage organisations to work together.

Involve tenants and the wider community.

- Financial inclusion activity needs to involve local people, so that activities are designed to meet their needs.
- Financial education is critical. It empowers people and makes a difference for future generations.
- Financial inclusion skills can be transferrable within the family and wider community. As people

are helped they often volunteer and pass on skills. Volunteers can play a valuable role in promoting financial education. They are able to reach peers and neighbours that others can't access.

Housing management practices can have a positive impact.

- Housing management practices can have a major impact on financial inclusion. Practices such as asking for rent payments in advance of tenants receiving benefits can push people into borrowing, and cause further financial problems.
- Housing associations should support their tenants in a co-ordinated way, to work to prevent failed tenancies because of financial issues. Financial inclusion helps to support wider tenancy sustainability.
- The early stages of tenancy are vital. Investing in pre-tenancy advice and support can have a positive impact on tenancy sustainability. A relatively small investment of time and resources can have a huge impact.
- Abandoned properties can be a clue to what is going on in people's lives, and the financial problems that they face. The quality of housing stock can also have a clear impact on home energy costs and fuel poverty.

Housing associations can help to provide financial services.

- There is a clear role for housing associations



in financial inclusion. Many would like more information and advice about how to go about supporting their tenants and communities.

- Financial inclusion work can be risky, particularly if lending money. Recent projects across the UK have learned that anyone can lend – the difficulty is getting the money back!
- In some areas housing associations and credit unions have set up joint services, which share the risk. The housing association can help by providing the organisational framework and strong management support, and by undertaking outreach work with their tenants.
- Even simple things, like offering certain credit union services from the housing association office can help. For example, some housing associations accept money on behalf of the local credit union.

What next?

- The Scottish Government should send clear and consistent messages about financial inclusion and what it expects of the public, private and third sectors.
- There should be more work to promote successes in financial inclusion and encourage learning about what works well.
- The range of support available to housing associations should be better promoted – including guidance, training and practical advice.
- Financial inclusion activity needs to be dealt with alongside wider activity to tackle the root causes of poverty. Economic issues such as taxes, wages, employment and interest levels all have an impact on incomes, poverty and financial inclusion.

Further reading

The *Now Let's Talk Money* campaign has developed a clear framework for improving housing association performance.

There are Scottish National Standards for Information and Advice Providers, which include standards for debt counselling, income maximisation, money advice and welfare benefits advice.

The Financial Services Authority provides advice on how to develop financial capability.

The Scottish Centre for Regeneration's *Joined Up Working How To Guide* provides advice and useful case study examples on the process of working with others.

For more information

If you would like more information about any of the issues mentioned in this learning point, please contact:

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