THFI summary

Work in collaboration with LA’s, Credit Unions, private landlords & their tenants to sustain tenancies, through better money management and prepare people for changes to Welfare Reform. In particular promoting the use of the CU rent account as an alternative to direct payment to landlords’.
Direct payments

This is not a new concept to the private rented sector, following the move in 2008 to change housing benefit to Local Housing Allowance (LHA), which saw the rent element of benefits being paid to the tenant instead of the landlord. But the local authority has discretion under the Safeguarding Policy to pay the landlord directly if the tenant is considered to be vulnerable.

Those tenants who are covered under the safeguarding policy may not be when Universal Credit is implemented.
Caerphilly

• Working closely with housing strategy and housing benefits we agreed to target PRS tenants receiving LHA by cheque.
• Having designed and piloted a questionnaire we engaged with 18 tenants.
• Having made a few more adjustments to the questionnaire we targeted all tenants whose landlords were receiving rent under safeguarding.
• This pilot was a finalist at the 2013 CIH Housing awards for Innovation.
What the data told us!

Even where communication had been made tenants did not relate to it (68% unaware of UC)

Struggling to make ends meet

- 59% on prepayment meters gas & elec
- 63% struggled to pay rent
- 53% struggled to buy food
- 25% doorstep lenders
- 65% no internet access
Overall, THFI had a 70% access rate, which is good. But this raises the question why didn’t the other 30% engage?
• For 10% of tenants visited referrals had to be made to environmental health. Whilst this was only a small sample, it is a worrying high figure.

• Whilst our main focus was on financial inclusion it became evident that underlying issues had to be addressed in order to resolve the rent arrears.

• Many tenants needed more than one support intervention.
Biggest challenge we faced

Lack of detail on the implementation made local authorities very reluctant to change policies in administering LHA. Along with negative media headlines about the UC roll out, made it almost impossible to expect landlords to invest in the rent account.

Generally landlords thought the CURA was a good idea, but only if UC actually happens! Whilst 70% of tenants said they wanted to have the rent paid this way.
Achievements

Private rented sector included in the ‘Universal Support Delivered Locally’ trial;

- Target number of claimants in trial 2000
- Number of eligible ESA PRS tenants who could be included 640

Credit union rent accounts are available across Wales. If your local CU doesn’t operate it a neighbouring one will.
West Wales Credit Union (WWCU)

Has developed pilot projects with Tai Cantref and Tai Ceredigion.

Starting in April 2013, the pilots now have 39 tenants paying rent via the credit union rent account.

Kevin Green Wales’ largest PRS landlord is working with them to trial rent accounts.
Rents accounts in use

In November 2014 there were 419 credit union rent accounts operating (data provided by credit unions) within the target local authority area’s. This number has fluctuated throughout the life of the project with accounts opening and closing as tenants, circumstances change.

http://www.walescooperative.org/index.php?cID=1069&cType=document

Additionally NPT CU are working with 41 landlords and have over 400 tenants using rent accounts and associated products. Over 80% of tenants have also been able to access affordable loans from NPTCU where otherwise they may have approached a high interest loan provider.
Credit Unions & RSL’s

2012 the Welfare Reform Bill became an Act. RSL’s hold talks with local CU’s but reluctant to work together partially based on costs, and confidence in CU ability to deliver volume.

At last we have moved away from thinking that one size fits all.

If a rent account is appropriate then use it, but if a basic bank account is a better option based on capability then use that.
Some of the options available

- Bank
- Credit Union
- Credecard
- Post office

The new accounts will be in place by the end of 2015.

The terms of the agreement make clear that the accounts should be made available where people are ineligible for a bank’s standard current account, and either:

• have no bank account
• have a bank account elsewhere, but want to change provider
• have a bank account, but are in financial difficulty and want their bank to open a new, functional account for them

Lets hope they are written in plain English!
Nine banks have agreed to offer basic bank accounts:

• Barclays
• the Co-operative Bank
• HSBC
• Lloyds Banking Group (including Halifax and Bank of Scotland brands)
• National Australia Group (including Clydesdale and Yorkshire brands)
• Nationwide
• RBS Group (including NatWest and Ulster Bank brands)
• Santander
• TSB
Alternative options to mainstream banking…..

Come at a cost. So it is imperative that the person understands what costs they will occur when using for example a Credecard.

• Caution:
My fear is the people who are most likely to need this are the ones who are least likely to understand the cost implication.
Financial capability

In an ideal world we would like to see people move along the banking spectrum as their financial capability and confidence improves
My advice is start talking to your local banks and CU now.
Understand what is required by the tenant to open an account, what are there costs attached (if any) etc..
What next for financial inclusion in the PRS?

Having secured an additional two years funding from Comic Relief we will be continuing to develop our work with tenants and landlords in the PRS, to further promote financial inclusion and sustainable tenancies.

The new project ‘Your money, Your Home’ will be working with tenants in Newport, Blaenau Gwent, Caerphilly and North Wales. If you would like to follow our progress you can do so through the Twitter hashtag #YMYH.
Questions?

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