Financial Inclusion and Capability Strategy 2026-2029

Policy Control

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Contents

1.0 Purpose of Strategy

1.1 The Financial Inclusion and Capability Strategy sets out why Derby Homes is committed to working with partners to improve resident's ability to manage their money well, what we have done to help our residents address financial pressures, how we currently support our residents and what our future priorities are for tackling financial exclusion.

1.2 Improving financial inclusion is regarded as best practice in income and rent arrears management and in helping people maximise their potential and creating sustainable neighbourhoods.

2.0 Introduction

2.1 Derby Homes is an Arm's Length Management Organisation (ALMO), created by Derby City Council in 2002, to manage, maintain and improve the Council's housing estates and housing stock that currently stands at around 12,400 properties. In addition, Derby Homes also owns and manages its own properties, around 120.

2.2 To be able to understand why this strategy is important for Derby Homes and its residents, it is important to understand how people can become financially excluded.

2.3 Financial difficulties may be experienced by anybody, at any age, in different guises, and may be an ongoing feature of a person's life or only a passing phase.

2.4 Many people are classed as financially excluded if they lack one of or a mixture of; sufficient income, financial and digital skills, knowledge, motivation, attitude and access to affordable financial products, services, and technology, to enable them to resolve financial pressures.

2.5 New financial pressures compounded by existing issues can cause a downward spiral of financial misery with serious consequences such as the loss of personal possessions or worse still their home and can lead to social isolation and deterioration in their general health and wellbeing.

2.6 The ability to maximise and manage income is an invaluable life skill. It is never too early or too late to learn. Being on top of money can set people up for a happier more fulfilled life. It helps people achieve their goals and aspirations and feel more in control of whatever life throws at them:

- on a day-to-day basis
- through significant life events
- during periods of financial difficulty

2.7 Marketing encourages people to spend now rather than save for the future. Every day people are bombarded with marketing messages to spend and borrow. Many people spend more than they can afford because they feel under pressure to match their friends and family.

2.8 Relevant national statistics reveal:

- 14% of UK adults (7.2 million) are over indebted contributing to low financial resilience. 47% of those with a low financial resilience were in rented accommodation. (FCA Financial Lives Survey 2020).

- Young adults aged 25-34 are the age group most likely to be living with a debt problem. Among 25–34-year-olds, one in four live with debt problems (2.1 million) – the highest likelihood of all the age bands. The research shows that the likelihood of debt problems peaks at this age and doesn't begin to fall significantly until the 55-64 age band. (MAPS/CACI, 2018)

- While having children increases the probability of debt problems by more than 50%, the analysis suggests that there is a particularly strong relationship between debt and having three or more children. Whilst 19% of adults with one or two children are over-indebted, this rises to 26% among adults with three or more children. (MAPS/CACI, 2018)

- Single parents are likely to have a lower financial resilience and more likely to experience problem debt. 82% of the UK's 2 million single parents said they do not have enough income to meet living costs meaning they were forced to borrow money. Those who worked full time were more likely to be in problem debt due to increased childcare costs. (Gingerbread/StepChange 2021)

- 21% of Britain's adult population (11 million) lack the basic digital skills and capabilities required to realise the benefits of the internet (Lloyds Bank EDS 2021

- If nothing changes, 10% of the British population will still be digitally excluded by 2028 (Cebr 2018)

- Half of households in the bottom half of the income distribution lack home contents insurance, compared with one in five households on average incomes (Rowlingson, K. & McKay, S.,2014. Financial Inclusion: Annual monitoring report 2014, Birmingham: University of Birmingham).

- 2.3% of the UK adult population (1.2 million) do not have a bank account. 1 in 10 of these have tried, unsuccessfully, to open a current account in the past (FCA Financial Lives Survey 2020).

3.0 Objective

3.1 Derby Homes overarching financial inclusion objective is to remove barriers and provide opportunities for residents to improve their confidence, motivation, attitude, skills and knowledge, employability and access to affordable financial products and services. We want to be able to empower residents to make their own sensible money management decisions so that they can achieve their best possible financial wellbeing.

3.2 This will help Derby Homes on behalf of the Council safeguard its income stream, in reducing; rent arrears, evictions, abandoned properties, rechargeable repairs and the writing off of former tenants rent arrears.

4.0 Financial Exclusion – risk to Derby Homes and its residents

4.1 Welfare Reforms have posed a risk to the Councils HRA income stream. There has been growing recognition in recent years of the need to help households build their financial resilience due in part to:

- working age benefits freeze.
- cuts to the limited capability for work element and the limited capability for work- and work-related activity element of Universal Credit.
- the introduction of the two-child limit on support through child tax credits and the child element of Universal Credit, although this is being reversed from April 2026.

4.2 The continued migration from Housing Benefit to Universal Credit means that Derby Homes needs to collect more money directly from its tenants. Many tenants face having to cope with making rent payments themselves for the first time, owing to Universal Credit. The initial 5 week delay a tenant has to wait for a Universal Credit payment, understandably makes it difficult to maintain rent payments during this period. Consequently, we are seeing a number of tenants incurring arrears during the period.

4.3 In addition many have also faced a reduction in the amount of benefit they receive owing to benefit reductions such as the Spare Room Subsidy, the Overall Benefit Cap and for the under 35s, the forthcoming reduction in Housing Benefit to be capped at the Local Housing Allowance shared room rate.

4.4 Whilst these reductions aim to promote the value of work and independence many residents will struggle to manage their finances on a day-to-day basis whilst trying to improve their circumstances.

4.5 The benefit changes are in addition to existing financial pressures that residents may already be experiencing, such as debt and high energy costs and the general cost of living crisis.

4.6 Those who secure employment on zero-hour contracts face uncertainty and challenges budgeting money, owing to fluctuating hours.

4.7 Advances in technology will continually change the way people manage their money. In addition, channel shift means that more and more services are switching from face to face and telephone contact, to online contact. Many residents who are digitally excluded i.e.do not have the technical ability and/or access to computers and the internet, face being unable to manage their money and improve their prospects.

4.8 They may struggle to access, financial products and services, comparison sites, advice and support, choice and savings through online shopping, job applications, job searches, and benefit applications. Many will face losing benefit owing to sanctions, by being unable to manage their claimant commitment online in Universal Credit.

4.9 There is growing pressure for people to take more responsibility for their lives and to make better plans for their financial futures.

4.10 It is crucial that Derby Homes understands resident's needs and works with partners to be able to provide quality advice support and help with overcoming challenges to enable residents to maximise their potential by:

- improving employability – education/skills/qualifications and training
- securing employment
- benefit entitlement
- reducing/managing/preventing debt
- increasing credit scores
- accessing affordable financial products and services
- improving digital skills
- accessing technology
- budgeting skills
- affordable warmth

4.11 Derby Homes recognises that, in addition to financial pressures having a detrimental impact on the health and well-being of residents and their families that can lead to social exclusion, they can also have a negative effect on communities, including a rise in: crime levels, unemployment, homelessness, domestic violence, poverty, evictions, door-step lender activity, loan sharks, burglaries, anti-social behaviour, low educational achievement and re-offending rates. Financial Exclusion puts a strain on the NHS, the police force, other services in the public, private and voluntary sectors and restricts economic growth.

4.12 Derby Homes recognises that different levels of intensity and types of interventions are required across the city. It is important to identify financial difficulties at an early stage to prevent issues from escalating in addition to preventing repeated debt issues.

5.0 The Current Position

5.1 Maximising income and welfare benefits
Improving access to affordable financial products and services
Reducing/Managing Debt

Derby Homes will continue to:

- Help residents with benefit claims/calculations.

- Encourage residents to obtain household contents insurance.

- Refer residents for Derby Homes Intensive Housing Management, Tenancy Sustainment and Complex Needs support and to external organisations as required.

- Deliver benefit campaigns.

- Provide Money Advice over the phone, at local offices and in resident's homes where appropriate.

- Refer residents to Derby Homes teams and external organisations for debt and low-level budgeting advice and promote advice services through Derby Homes website.

- Refer residents for Welfare Rights advice, relating to income maximisation through benefit entitlement and support with appeals and tribunals.

- Promote awareness of Loan Sharks, Pay Day Lenders and other lenders charging high interest rates and work with the East Midlands Illegal Lending Unit to limit exploitation by illegal money lenders.

- Contact prospective tenants at property offer stage to carry out rent calculations and make referrals where necessary.

- Continue to help residents to downsize to avoid the spare room subsidy, apply for Council Tax Support and Single Discretionary Awards for Council Tax Hardship, the Local Assistance Scheme and Discretionary Housing Payments.

- Provide advice and guidance for residents affected by welfare benefit changes.

5.2 Energy efficiency and creating warmer homes

The following work is designed to help residents save money, reduce their carbon footprint, and provide warmer and cost-effective homes:

Derby Homes has:

- Installed solid wall insulation, in pre-war properties, mostly financed through external funding.
- Installed cavity wall insulation, mostly financed by external funding.
- Installed A or B rated gas combination boilers.
- Installed solar panels on 1000 properties, estimating a current reduction of between £100 - £200 in household's yearly energy costs.
- Installed solar panels at Rivermead House that have reduced resident's communal area electricity costs.
- Fitted all properties with UPVC double-glazing since the late 1980s.

Derby Homes plans to:

- Install solar panels on suitable new build properties to increase Standard Assessment Procedure (SAP) ratings, where applicable.

  Residents will continue to be signposted to relevant external organisations and specialist agencies for support with improving energy efficiency, using heating systems economically, understanding water metering and water usage, accessing suppliers' energy-saving schemes, and comparing energy tariffs to secure best value.

- Derby Homes will continue to install energy efficient gas combination boilers at properties, where new gas supplies have been installed and assist residents in the process of having meters installed and give advice on how best to use the new heating systems.
- Promote energy saving benefits of having Smart Meters installed in resident's homes.
- Where possible, incorporate solar panels into replacement roofs.
- All future New Build schemes to have renewable heating technology installed, which could be either Air to Water air source heat pumps or ground source heat pumps.

5.3 Apprenticeship and Volunteering Initiatives

Derby Homes will continue to:

- Recruit business administration, customer service, housing, and trade apprenticeships, in conjunction with local training providers.

- Help deliver CV skills, interview technique workshops, and promote Derby Homes apprenticeships at Derby schools, in conjunction with Derby City Council, local training providers and local employers.

- Provide work experience placements to students from Derby Schools and colleges.

- Offer opportunities for young people leaving care to enable them to gain valuable work experience, including offering a guaranteed interview when they apply for apprenticeship vacancies.

- Offer volunteering opportunities as part of Derby Homes' Volunteer Strategy 2021-2024. This includes working with Community Action Derby to strengthen volunteering for the city and opportunities for involvement such as our Customer Voice panel, Virtual Panel, Operational and Main Board roles.

5.4 Communicating financial inclusion initiatives to residents

Derby Homes will continue to:

- Use current methods of communication such as the Derby Homes website, Derby Homes News, texting, and social media and identify and use initiatives that have the biggest potential to create an impact and deliver lasting improvements for Derby Homes and its residents.

The work detailed within this section is not included in the separate Financial Inclusion and Capability Action Plan because it is included in other Derby Homes strategies and therefore monitored separately.

6.0 Future Priorities

6.1 Details of Derby Homes future priorities for tackling Financial Exclusion can be found in the Financial Inclusion and Capability Action Plan.

7.0 Implementation

7.1 The Financial Inclusion and Capability Action Plan provides a working document for Derby Homes staff to follow. It details specific, measurable, agreed, realistic and time-based (SMART) targets and which officers/teams will be responsible for achieving them.

8.0 Outcomes / Benefits

8.1 By achieving its financial inclusion objectives Derby Homes aims for the following outcomes:

8.2 Households will benefit by:

- Enjoying decent financial health and overall physical/mental health and wellbeing.
- Having the skills, knowledge, and motivation to be able to access and choose the best affordable financial products and services that suit their needs.
- Understanding the importance of dealing with financial pressures in a timely manner and the importance of saving for the future and unexpected financial pressures.
- Improving skills to be able to secure employment and improve their future prospects.
- Having adequate computer skills and access to the internet to be able to; save money through price comparison websites, access job searches and apply for benefits online.
- Sustaining their tenancies.
- Being able to budget and manage their finances.
- Maximising their income through employment/benefit entitlement.
- Reducing and/or managing existing debt.
- Knowing how to access Charitable Trust Grants and the Single Discretionary Housing Award.
- Passing good money management techniques to younger generations.
- Living in warm and affordable homes.
- Having a positive attitude to be able to achieve their hopes and aspirations.

8.3 Derby Homes will benefit by:

- Protecting its income stream by reducing; rent arrears, rechargeable repairs, former tenants' arrears, hard to let properties, evictions, court costs, and loss of rental income through voids. This will enable Derby Homes to continue to provide quality homes and services.

- Creating community sustainability by reducing crime levels, anti-social behaviour, domestic violence, re-offending rates, burglaries, unemployment, poverty, noise nuisance, vandalism, door-step lender activity, loan sharks and pay day lenders.

8.4 Derby City Council will benefit by:

- Reducing pressure on its homelessness duty and associated costs of temporary accommodation, by creating sustainable tenancies and communities.

- Reducing Council Tax arrears, court hearings, and costs.

- Empowering residents to self –serve.

8.5 Wider benefits are:

- Helping the economy to prosper and grow.

- Reducing the burden to the NHS and other services.

- Helping to reduce the impact of Climate Change by reducing resident's carbon footprints.

9.0 Ownership, Monitoring & Review

The Head of Finance and Income is responsible for the Financial Inclusion and Capability Strategy and associated Action Plan and co-ordinating regular review and revision.