A Guide to Financial Capability for Social Housing Tenants
Contents

Forewords 2
How to use this Guide 5
How to plan and deliver a session 7

Chapter One: Budgeting, paying the rent and setting up home 8
i. Themes, objectives and key messages 8
ii. Exercises 10
iii. Lesson plan 20

Chapter Two: Opening and using a bank account 22
i. Themes, objectives and key messages 22
ii. Exercises 24
iii. Lesson plan 31

Chapter Three: Saving 33
i. Themes, objectives and key messages 33
ii. Exercises 35
iii. Lesson plan 41

Chapter Four: Borrowing 43
i. Themes, objectives and key messages 43
ii. Exercises 45
iii. Lesson plan 52

Chapter Five: Understanding the Benefit System 54
i. Learning objectives 54
ii. Exercises 55
iii. Lesson plan 64

Chapter Six: Building social landlords’ engagement in financial inclusion and capability activity 65

Appendix 74
i. Resources for further information 74
ii. Resources to support delivery 77
iii. Other useful websites 79
iv. Glossary 80
Foreword by Mike O’Brien MP, Minister of State for Pensions Reform and James Plaskitt MP, Parliamentary Under Secretary of State, Department for Work and Pensions

Promoting financial capability for all is a key objective of this Government. We are keenly aware that changes in our economy place more responsibility than ever before on people to plan for more diverse working lives and ultimately their retirement, in a context in which the financial system appears ever more complex.

In turn, our responsibility is to support people to develop the understanding and skills to make appropriate financial decisions.

In January 2007 we published Financial Capability: the Government’s Long Term Approach. This sets out three key aspirations, that:

- All adults in the UK have access to high quality generic financial advice to help them engage with their financial affairs and make effective decisions about their money.
- All children and young people have access to a planned and coherent programme of personal finance education, so that they leave schools with the skills and confidence to manage their money well.
- A range of Government programmes are focused on improving financial capability, particularly to help those who are most vulnerable to the consequences of poor financial decisions.

Through our response to the Thoresen Review of financial advice, and with our partners at the FSA, we will be taking forward major programmes of work in pursuit of the first two aspirations.

Whilst increasing the availability of financial advice and improving the provision of financial education have the potential to benefit everybody, we recognise the need to do more to reach those who are more vulnerable.

Already we the government are supporting initiatives such as building financial capability into Sure Start provision, and integrating the provision of financial education into basic skills work. We are further supporting the FSA in their initiatives to work through intermediaries to reach particularly vulnerable groups such as older people, young people leaving care and people with mental health problems.

We see these developments as complementing our wider efforts to promote financial inclusion set out within our £135m 2008/11 Financial Inclusion Action Plan, which will fund the ongoing development of money advice services across the country, continue our support for increasing the availability of affordable credit, and develop work through intermediaries to promote access to affordable home contents insurance.

This year will see the publication of our Financial Capability Action Plan. A key theme of our efforts to reach those who are most vulnerable will be the importance of working through partners such as social landlords, and in ways, settings and contexts that are relevant to participants.

We therefore wholeheartedly welcome this Guide, and hope that it is of great use to those working at the front line of efforts to improve the financial capability of all.
Foreword by Chris Pond, Director of Financial Capability, Financial Services Authority

If people are to build a better life for themselves they need to be confident in how to manage their money. They need to be confident that they can make the right choices and not only avoid debt and claim the benefits to which they are entitled, but know how to plan ahead and make the best use of savings, pensions and insurance.

The FSA leads the National Strategy for Financial Capability. We want to work with those organisations that share our aim to improve financial capability including government, voluntary bodies, employers, employee and consumer groups, and financial services firms. Our strategy of work reaches schools, universities, further education colleges, young adults not in employment, education or training (NEET), the workplace and new parents. Working with these partners, including the National Housing Federation, we aim to achieve a step change in the nation’s financial capability.

We are delighted to have supported the development of this guide for frontline staff in the housing sector. People who work in, and with, the housing sector are ideally placed to support tenants to learn good money management skills. They engage with these consumers every day, and are trusted by them, so they are some of the first to know when things are going wrong.

This Guide offers practical advice on how to plan and deliver sessions on budgeting, banking, saving, borrowing and welfare rights. It can be used as a stand alone resource, or dipped in and out of to support tenants as appropriate.

A team of housing, advice and education experts has helped to develop and pilot this Guide. We would like to extend our thanks to this group - they have helped create a useful and practical resource which could make a real difference in the communities they serve.
Foreword by David Orr, Chief Executive of the National Housing Federation

As the sector’s trade body, we are always proud to celebrate the ways in which housing associations go beyond their role as social landlords.

The sector is rightly recognised for providing high quality affordable homes. And now it is also gaining recognition for the unique range of additional neighbourhood services it delivers.

These services vary widely – from crèches, to community centres, to business start-up schemes. In each case, the service has come about because the housing association has decided it is the best way of using its resources to benefit the community.

Financial inclusion is perhaps the area in which housing associations have been most innovative. Throughout the country, associations are offering financial services and impartial advice to their tenants. And through partnership working and investment, they are also providing much-needed support to community financial institutions such as credit unions.

The Federation is supporting this work as part of our commitment to giving tenants better access to financial services.

That is why we have produced this Guide to Financial Capability for Social Housing Tenants, to help social landlords empower tenants to be confident in managing their money and in choosing suitable financial products.

This guide has been developed by the National Housing Federation in partnership with Toynbee Hall, supported by the Financial Services Authority Innovation Fund.

The guide is a resource for front line staff, and can also be used by other colleagues involved in financial capability work with social housing tenants.

I hope you will find it a useful tool in your own efforts to promote financial inclusion.
How to use this Guide

This Guide has been specifically designed for use in financial capability work with social housing tenants, although it will also be usable by those working with mixed or other tenure groups.

We hope that it is helpful both for those who are new to the delivery of financial capability work, and as a source of ideas, resources and prompts to those with more experience.

The Guide may be used in a variety of settings; for example life-skills courses for vulnerable tenants, or literacy and numeracy classes.

Wherever classes are being delivered, please adopt and adapt what is in the guide, picking and choosing topics and exercises that are relevant to your participants.

Structure of the Guide

The main body of the Guide is divided into 6 chapters. There is also an appendix of resources and a glossary.

Chapters 1 to 5 cover the following issues:

- Day to day budgeting, paying the rent and setting up home
- Getting and using an account
- Saving
- Borrowing
- Welfare rights issues

You may want to use these five chapters as stand alone sessions, in conjunction with one or more of the other chapters, or as a complete course.

Chapter 6 has a different focus. We are aware that many people using this Guide will work for social landlords, or their service delivery partners, and act as champions for the links between housing and financial inclusion within their organisations.

This chapter aims to support those people in that ‘champion’ role, providing ideas for the delivery of awareness raising and training sessions around the issue of financial inclusion to managers and staff from housing organisations.

The appendices are designed as a resource to give you, or point you in the direction of, other supporting information.

Structure of the Chapters

Chapters 1 to 4 are structured in the same way.

The initial section gives a quick overview of why the topic covered is an important part of building financial capability for social housing tenants.

The following section sets out:

- Key themes under the topic
- Learning objectives, those which are asterisked reflect the objectives set out within the Adult Financial Capability Framework
- Key messages for participants to understand under each theme and objective
- Capacity building objectives for participants

Each chapter sets out a number of themes, objectives and key messages. A tutor will not necessarily cover all the key themes, objectives and messages within a chapter over the course of a single session, although this may be possible, as many messages can be covered quite swiftly over the course of a session.

The remaining sections of these chapters focus on providing practical ideas and resources for delivering sessions. You will find:

- Ideas for warm up exercises
- Ideas for covering the themes, objectives and key messages
• Resources for photocopying and sharing with participants (when you do photocopy, please remember to acknowledge the source of the materials by including the logos)
• A sample lesson plan – based around sessions lasting around 2 ½ hours

The sample lesson plans have been mapped to the Adult Financial Capability Framework (developed by the Basic Skills Agency and Financial Services Authority). The plans set out activities that can be run for each theme and objective, resources that will support the work, and the time that each section might take.

The structure of Chapter 5 varies slightly. A session on welfare rights will inevitably involve more of a concentration on the communication of knowledge. The chapter is therefore structured around the key information that needs to be communicated to participants about benefits and the benefit system, with discussion ideas and exercises for communicating these messages.

**NB: Given the complexity of the benefit system, some of the sections within the welfare rights chapter should only be delivered by those with genuine expertise in welfare rights issues – these are clearly marked. Other sections may be usefully incorporated into more general sessions.**

Chapter 6 focuses on supporting the delivery of sessions with four key messages around financial inclusion to social landlord housing managers, staff or committees:

• Financial exclusion and poverty will have a major impact on a high proportion of their tenants
• Taking action on these issues can deliver business benefits
• They can play specific roles in partnerships tackling these issues

There is now a broad movement of social landlords engaged in tackling financial exclusion, and a considerable body of best practice in the field.

The chapter sets out key points that underpin each of these messages, and ideas for communicating them to housing colleagues/partners.
How to plan and deliver a session

Why, What, Work and Way
When planning a session you will need to establish the ‘four w’s’:

**Why:** establish the background of the group and why the group are gathered e.g. a group of young tenants undertaking a life skills class.

**What:** establish what the interests of the group are/what they want to learn about e.g. where they can borrow money from most appropriately.

**Work:** establish what you want the group to learn (objectives) e.g. the group need to know about and understand how to open a bank account.

**Way:** using the above knowledge, suggested exercises and own thoughts, plan the session. Your group may respond best to parallel exercises e.g. The ‘Party Time’ exercise in the budgeting chapter is not explicitly about personal money matters but clearly establishes the basis for budgeting and financial planning.

You will also need to consider what time you have available to deliver the topic, what interest there is and what level of financial capability the group has. This will affect which exercises you choose.

Think carefully about the different resources that you may need during sessions. Every session will need you to provide pens, paper and calculators.

Welcome, Warm-Up, Work, Work, Work and Wrap-Up
During delivery remember the ‘six w’s’:

**Welcome:** introduce the topic (and yourself!).

**Warm-up:** choose an appropriate warm-up exercise.

**Work 1:** discuss the topic chosen.

**Work 2:** introduce a case study. This does not have to be money-based. The idea of case studies is to start the group thinking about choices, needs and rights and can be viewed as topics for debate.

**Work 3:** deliver actual activity.

Repeat work steps one to three until the session is finished.

**Wrap-up:** wrap-up the session. This can be gone in a number of ways, such as through tests, asking the group to summarise what they have learnt, or a quiz.

We have included timings in the sample lesson plans to help you further.

Other Key Tips
- Throughout delivery of a session, use your group’s existing expertise.
- If you don’t know the answer to a question, don’t ad-lib. You do not want to provide incorrect information which may cause unnecessary concern, or in some way cause problems for participants. Instead ask the group to research the answer for the next session, and find out for yourself as well.

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**TOP TIP**
Remember to provide paper, pens and calculators!
Managing tight household budgets is a key issue for many social housing tenants. Simply making ends meet and paying for the essentials can be a real challenge, particularly at life transition points such as setting up home or starting a family.

Ensuring the rent gets paid must be a priority. Falling into rent arrears can ultimately lead to eviction, or can become so stressful for a tenant that they abandon their tenancy. An unexpected expense or drop in income can also quickly make a situation difficult or impossible. At the same time some tenants on low incomes may not have particularly stable home lives, may not have well developed financial management skills, and may too often be paying a poverty premium – more for their basic goods and services – than those on higher incomes.

Sessions delivered based on this chapter should be seen as the basis for the more specialised work covered by the rest of the guide. Budgeting – understanding income and expenditure – is the place from which other aspects of financial capability start.

You may therefore find it appropriate to discuss some issues and borrow some ideas from the other chapters within this Guide when planning your budgeting session.

i. Themes, objectives and key messages

<table>
<thead>
<tr>
<th>Theme: Importance of budgeting</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objective:</strong></td>
</tr>
<tr>
<td>Participants should understand:</td>
</tr>
<tr>
<td>The reasons why budgeting is so important, and how it links to them achieving the rest of their life aims.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Theme: Regular and irregular sources of income</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objective:</strong></td>
</tr>
<tr>
<td>Participants should understand that:</td>
</tr>
<tr>
<td>Income comes from different sources. Some of these sources may provide regular and reliable income, some may not.*</td>
</tr>
<tr>
<td><strong>Key messages:</strong></td>
</tr>
<tr>
<td>Participants should understand:</td>
</tr>
<tr>
<td>• What their total income is.</td>
</tr>
<tr>
<td>• The impact of tax and NI contributions on their income.</td>
</tr>
<tr>
<td>• How they are paid benefits and how regularly.</td>
</tr>
<tr>
<td>• That they can’t rely on irregular sources of income.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Theme: Essential/non essential, frequent/infrequent, predictable/unpredictable expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objectives:</strong></td>
</tr>
<tr>
<td>Participants should understand that:</td>
</tr>
<tr>
<td>• Expenditures can be regular or irregular, predictable or unpredictable, frequent or infrequent, and essential or non essential.*</td>
</tr>
<tr>
<td>• Rent is an essential expenditure that they have a responsibility to pay on time.</td>
</tr>
<tr>
<td><strong>Key messages:</strong></td>
</tr>
<tr>
<td>Participants should understand:</td>
</tr>
<tr>
<td>• The importance of keeping up to date with utility bills, council tax and rent payments.</td>
</tr>
<tr>
<td>• The need to put money aside for monthly or quarterly bills.</td>
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<tr>
<td>• The need to put money aside to cover themselves if something goes wrong.</td>
</tr>
<tr>
<td>• If they are in debt, the difference between priority and non priority debts.</td>
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</tbody>
</table>
Theme: Welfare Benefit support and gains from working

Objectives:
Participants should understand that:
- Help is available when they are out of work, on low wages or working part time.*
- Working can increase their income, as can claiming the benefits to which they are entitled.*

Key messages:
Participants should understand that:
- Many people do not claim all the benefits that they are entitled to from the government. It is important that when claiming benefits that they seek support if they need it, complete the forms fully and accurately, and keep the benefit authorities informed if their circumstances change.
- They can increase their income through work.
- They have the right to earn at least the minimum wage.
- They might be able to get a better paid job over time.
- Although there may be some extra costs involved in taking a job, there is extra support available if they are in low paid work.

Theme: The value of a written record of expenditure and income

Objectives:
Participants should understand that:
- Keeping a written record of what they spend and receive can be very useful.

Key messages:
Participants should understand that:
- This puts them in control of their money.
- It makes sure that they can track where their money goes, and if there are any particular patterns to what they spend.
- It allows them to judge if there are easy ways of them making savings, or if there is one thing that constantly throws their spending off course.

Theme: Support in time of difficulty

Objective:
Participants should understand that:
Support is available if they find themselves in debt or other trouble with money.

Key messages:
Participants should understand that if they have problems:
- They should not bury their heads in the sand, and should seek help at as early a stage as possible.
- The longer they leave problems unresolved, the worse those problems get.
- Support will be available locally, and will be free, confidential and non judgemental (you should provide participants with this information).

Theme: Building participants’ capacity

Objective:
Participants should be able to know how to:
- Use a simple budget to plan and control spending.*
- Balance needs and wants, and be able to prioritise within the constraints of limited resources.*
- Discuss whether some purchases have been more or less beneficial or satisfactory for them.*
- Pull together their personal financial information, and base their financial choices on that information.*
- Think carefully about different ways of spending their money, in particular about whether they can save money by spending differently.*
- Above all, be more confident in planning their own finances.
ii. Exercises

Getting started: suggested warm-up exercise

You should use the warm up exercise to get across the clear message to participants that budgeting, and ensuring that their rent is paid, are important.

Suggestions:

• All participants will, however informally, do some budgeting, although they will often not think of it, or refer to it in this way, something in itself that you may need to pick up on. Ask participants how they already ‘budget’, whether in their head, or on paper.
• Ask participants why they think budgeting and paying the rent are important, and what problems can occur if you lose track of the money coming in and out, or your rent isn’t paid.
• Ask participants to think about their short and long term goals. Shorter term goals may be taking a holiday or buying Christmas presents for their children or grandchildren. Longer term goals may include running a small business, going to college, or for some people just maintaining stability in their life. Both sets of goals will almost always involve money – the exercise helps participants establish their motivation for taking care of their money.

Suggested discussion topics/exercises for covering the themes

Regular and irregular sources of income

Welfare Benefit support and gains from working

• Ask what different sources of income people have – include gambling and inheritance – this allows you to discuss the unlikelihood of these sources of income being steady or available.
• Ask participants to draw up a list of all the money they receive in a month, or set this as an ‘out of class’ task.

NB: where participants are over 60, sources of income will be quite different from those of a younger group, and might include occupational or personal pensions, savings, the state pension, Pension Credit or other benefits.

Essential/non essential, frequent/infrequent, predictable/unpredictable expenditures

The value of a written record of expenditure and income

• Ask participants to count their money in their wallet and pockets, and whether they knew they had this much, or if the amount surprised them.
• Ask participants to write down what they think they spend in a week or month. For an additional exercise then ask people to keep a diary of what they actually spend in a week or month – the comparison between the two figures might be interesting.
• Ask the group to collect receipts for the week and bring them to the next session. The idea is not for you to see how much they have spent – that is private, but to encourage the idea of collecting financial records to help them budget.
• Ask participants general questions about what they think people spend money on – perhaps adapting the particular needs of your group or using celebrity examples (e.g. what does Posh spend all her dosh on?).
• Particularly with a young group, ask how many people buy a magazine at a supermarket check out, or a coffee when they are out and about, and how much this costs them over a year – this makes the point that small expenditures always add up.
• Using examples or pictures of what people spend their money on (rent, cat food, TV licence, etc) and ask participants what they think is essential, and what is non essential expenditure, what is regular expenditure and what is not.
  • Use this exercise to bring out the varying consequences for them of not spending their money on these things.
  • Use this exercise to ask participants to prioritise which of their expenditures they think are most important. You should make participants aware that different people will naturally have different priorities, and that priorities can change as circumstances change.
• Participants often bring up the issue of whether smoking or drinking are essential expenditures. You can deal with this without being judgemental by asking, for example, how many fewer cigarettes they would have to smoke in order to save a pound a week.
• Use a shopping basket exercise. Prepare a basket of items from a nearby shop that is used by the group. Ask the group to place the value of each item in front of each item.
• Use the example of utility bills to discuss with participants different ways of paying for things i.e. ways of spreading payments.

**Support in time of difficulty**
• Ask participants if they are aware of where they can get advice if they are struggling with money.
• Ask participants what might prompt them to seek advice and support from someone.
Suggested exercises for building participants’ capacity

Suggested exercises for:
Balance needs and wants, and be able to prioritise within the constraints of limited resources.
Discuss how satisfaction from purchases may vary.
Bring together their personal financial information, and base their choices on that information.

Help Bob and Mandy save for a holiday
(This exercise may be particularly useful if working with a group of parents.)

Bob and Mandy have one little girl. Mandy works full time as a secretary and Bob is taking a break to look after their daughter Lydia. They really want to save money to go on holiday in three months time.

- Mandy earns £315 a week after tax and claims child benefit at £18.10 a week.
- Together Bob and Mandy have to pay rent of £75 a week. They pay £20 a week on utilities (like gas, water and electricity), and £75 per month in Council Tax.
- They have a TV and pay £11.29 a month for the licence.
- They have to repay a loan at £50 a week.
- They also need to budget for their weekly shop.

Ask your group to:
- Use a budget sheet to work out if Mandy and Bob can save any money for a holiday.
- Think about ways of reducing what they spend or whether they can somehow bring more money into the home.

Help Zakir sort out his financial difficulties
(This exercise may be particularly useful when working with a group of single people.)

Zakir lives on his own.

- He has just been made redundant. He’s been living off his savings and redundancy pay for the last few months, and now only has £100 left.
- He gets Job Seeker’s Allowance of £59.15 a week.
- He pays £60 a week for rent and £25 for food. He’s also got lots of other bills for council tax (£50 a month), a TV licence (£11.29 a month), and needs money for his gas and electricity (£15 a week).
- He’s having problems making ends meet. He needs some help.

Ask your group:
- To do a weekly budget for Zakir and work out if he will be able to pay his bills next week.
- What advice they would give Zakir to make his situation better?
Help Chloe stay in a job  
(This exercise may be particularly useful for participants engaged in an employability programme.)

Chloe has been working at a shop for the last two months.

- She is working 40 hours a week at the minimum wage of £5.52 per hour. This means she earns £220.80 per week before tax, but £186.18 after tax.
- She must pay £12.50 every week in bus fares to get to work.
- Lunch from a local shop every day when she is at work is costing her £15.00 per week.
- She pays £60 a week for rent and £30 a week on groceries.
- She has other bills to pay for council tax (£50 a month), a TV licence (£11.29 a month), and needs money for her gas and electricity (£15 a week).
- She’s repaying £15 per week to a catalogue company after she bought some new clothes, including some clothes for her work.
- She goes out after work on a Friday and spends £20 on food, drink and a taxi home.
- She spends £10 a week on her pay as you go mobile phone.
- She’s having problems making ends meet and often has to borrow money from her mum and older sister at the end of the week. She is thinking about giving up her job, although she doesn’t want to do this as she was out of work for a long time before she took it. She needs some help.

Ask your group:

- To do a weekly budget for Chloe and work out if she will be able to pay her bills next week.
- What advice they would give Chloe to make his situation better? Is there any other support she might be able to get?
- Are there any organisations that might be able to give her some advice?
Suggested exercise for:
Using a simple budget to plan and control expenditure.

**Party Time!**
Divide participants into groups. Ask each group to imagine they need to organise a New Year Party. There are five weeks to go, and each group has decided to save some money each week and at the end they will throw a party for themselves and 20 friends.

Tell each group that they have decided to save £200 altogether.

Ask them how much they need to save each week to make £200 after 5 weeks.

Ask them to consider that they need to find:
- Somewhere for their party.
- Someone to do the disco.
- Some refreshments.
- Some decorations.

Ask them to think about what is on offer, in particular, where will they go, what they will provide at the party, and whether it will all fit within their budget.

You can adapt this exercise for any other occasion suitable for the group, e.g. a barbecue, a trip to a concert/other day trip – with groups of young men the exercise has even focused on the costs of setting up a football team.

Given that this exercise is a ‘parallel’ exercise, not explicitly focused on personal budgeting, you may also need to think about how explicitly you need to draw the link between the skills used in the exercise, and the skills required for personal budgeting.

Suggested exercises for:
Think carefully about different ways of spending their money.
Whether they can save money by spending differently.

**Clued up shopper**
- Ask the group to agree on an item which they will each buy, or look at the price of before the next session, so that they can compare prices.
- Use an advert on the TV for a price comparison web site to kick start a discussion about how they might save money on some of their basic bills. Alternatively participants might look up information on the price comparison websites themselves.
Five ways to save a pound

- Working in small groups, ask participants to identify as many ways as possible of saving a pound in their daily expenditure. Ask them to identify which they would find easy, and which more difficult. Ask them to highlight which are simply cheaper ways of getting the same thing.

Getting the low down on local shopping

- Ask participants where the cheapest places are to buy their household basics. This exercise builds the confidence of participants by illustrating the knowledge and capacity that already exists amongst their group.

- Build on this discussion by asking whether the cheapest place to buy is also the best value place to buy. This helps bring out the issue of balancing the quality of something with the cost.

Developing a resource

- As a longer term project with an appropriate group, you could consider using the previous three exercises to get the group to develop a resource which can be used with other groups in the future, or which they might find helpful themselves. This could be in the format of a brief shopping and money saving guide for tenants who are new to the area.
Setting up home

The second part of this chapter focuses on issues facing social housing tenants in the paying of rent, and setting up their home.

We’ve included the latter issue because you may often be working with participants who are undergoing some type of pre-tenancy training, or who are taking this course in the early stages of their tenancy as part of support packages. For people setting up a home, furnishing and decorating it, and making it a place that truly feels like a home, is a massive financial challenge. Many tenants will not have the strong family networks that give other people real assistance at this point.

### i. Themes, objectives and key messages

#### Theme: Paying the rent

**Objectives:**
- Participants should understand:
  - The importance of ensuring that their rent is paid when it is due.
  - That Housing Benefit will not always cover all their rent, or all the charges accompanying their rent, and that they have a responsibility to pay these charges/this element of their rent.
  - The consequences of not paying their rent may include eviction.
  - The different ways in which they can pay rent.
  - How they should budget to ensure that they have enough money left to live on after they have paid their rent.
  - That support is available through Housing Benefit if they are not in work, or if they are in low paid work.
  - Some key facts about Housing Benefit, in particular:
    - When and how they should make a claim.
    - The information they have to provide to make a claim.
    - That they have a responsibility to inform the benefit authorities if their circumstances change.
    - That they have to respond to any requests for information from the relevant authorities as quickly as possible.
    - What to do if they have been overpaid Housing Benefit.
    - That Housing Benefit decisions can be mistaken and that appeals are possible.
    - That support is available for them if they need help submitting a Housing Benefit claim.

**Key message:**
- Participants should:
  - Communicate with their landlord as soon as they find themselves struggling to pay the rent, or if they have been overpaid. The landlord should be able to offer a range of advice and support to ensure any problems are dealt with before they become intractable.

#### Theme: Setting up a home

**Objectives:**
- Participants should understand that:
  - Budgeting realistically when setting up home is very important, and that they might not be able to afford everything that they want immediately.
  - They should prioritise their expenditures on equipping the house carefully.
  - Financial help may be available through the Social Fund.
  - Local voluntary organisations or furniture recycling projects may be a good source of cheap and reasonable quality furniture and white goods.
  - Some places for, and ways of, buying goods for setting up home are better value than others.
  - There will be sources of affordable loans available in their area through credit unions and Community Development Finance Initiatives (CDFIs), rather than borrowing from expensive doorstep lenders.
  - It is essential to set up an electricity/gas account as soon as possible.
  - That as well as paying rent they will also be paying utility bills and council tax, and that both of these are classed as priority debts.
ii. Exercises

Suggested discussion topics/exercises for covering the themes and building capacity

You may find this ‘tenancy timeline’ of key questions helpful in working up case study exercises to cover the themes.

Pre-tenancy/tenancy sign-up

- How are tenants intending/able to pay their rent?
- Do they need access to a bank account?
- Do they have any debts that need to be dealt with immediately?
- Are they eligible for Housing Benefit?
- Is someone checking their eligibility for housing benefit?
- Have they changed their addresses with all the relevant companies and authorities?
- What priority bills do they need to pay?
- Where are they getting their gas and electricity? How do they find out if they do not know? How do they set up a gas/electricity account? How can they choose between utility companies? How can they compare different options?
- Have they set up a council tax account?

- What might be the impact of people moving in and out of their house?
- Who do they need to inform about changes in circumstances?

Moving on

- How will the tenants’ new rent differ from their old?
- How much will it cost to furnish/decorate their new house?
- How much will the actual removal cost be?
- Will there be any outstanding charges, e.g. for redecoration from their previous landlord?
- Will there be any additional costs if they are moving from their current area, in terms of travel to work/school/family etc?
- Who do they need to inform about changing their address?

Responding to difficulties/making a complaint

- When should tenants seek support from their landlord?
- What are their rights when dealing with their landlord? What support can they expect?
- Who can help them resolve debt and benefit issues?

Paying the rent

- If tenants are responsible for some or all of their rent, how often do they have to pay?
- By what method will they pay? What method of payment is the most comfortable for them?
- How will they make sure that they have enough money to pay the rent?

A change in circumstances

- What changes in circumstances might affect the way tenants’ rent is paid?
- What might be the impact of them getting a full or part time job, losing a job, or a relationship breaking down?
Sample case studies

For each of these case studies, ask the group to list:

- All the things that the person will be thinking about.
- What they will be worrying about.
- What they will be looking forward to.
- What pitfalls they might face.

Ask them where they might be able to seek advice on the pitfalls that they are facing/worries that they have.

If using the last case study in particular, ask participants what the options are that face a tenant in this position.

Pre-tenancy/tenancy sign-up

Ms Adams is in a meeting with a housing officer to discuss taking up a tenancy with her local housing association. She is currently living in temporary accommodation and has very little furniture for her new flat, no television and very little cooking equipment. She has been out of work for sometime, and is claiming Incapacity Benefit.

Change in circumstances

Mr Beckham has been living in his council property for two years. Up until now he has been getting benefits as he was not able to work because of depression. He now has a job working part-time, and will become responsible for paying part of his rent.

Mr Cowell has been living in a flat that he rents from his local ALMO (Arms Length Management Organisation) for some time. He has recently suffered a relationship break-up. He used to work part-time but now needs to stay at home due to childcare responsibilities.

Thinking about a transfer

Ms Daly has been living in her cramped ALMO property for several years with her family, and has just been offered a transfer to a much bigger family home elsewhere in her home town with the same ALMO. The place is further away from her work and some of her family, and is a little more expensive to rent.

Tenant with major problems

Ms Spears rents from her local housing association. She has been dealing with endless complications with her housing benefit since she became unemployed two years ago after an industrial accident. She has tried various ways of sorting it out by herself but she is now at her wit’s end. She also in major debt to a home credit company, whose payments she cannot meet, has a high level of rent arrears, and is being chased by the local Council Tax Collection Department. She has also just been left by her partner, who is refusing to support her with the costs of bringing up her children.
Tenancy timeline exercise
You can use the timeline to ask participants to think about how their own situation might change across the time they are a tenant. You could ask them to identify particular times when they think their finances might be under pressure, or when they will have a lot on their plate to think about, and might be distracted from managing their money.

Adapt the previous budgeting exercises
Each of the exercises earlier in this chapter focused getting participants to think about getting good value for their purchases can be adapted for this session by focusing on a more expensive set of purchases; the goods needed to set up home.

Clued up shopper
• Ask the group to look at the price of particular white goods/furniture/electrical goods before the next session, so that they can compare prices.
• This is a particularly appropriate opportunity to ask how participants might save money on some of their basic bills. Use an advert on the TV for a price comparison web site to kick start discussion or get participants to look up information on the price comparison websites themselves.

Five ways to save £50/£100/£150
• Working in small groups, using advertising materials from local retailers, or off the internet, get them to work out how much they think they need to furnish their flat/get all the white/electrical goods they need. Then ask them to repeat the exercise and see if they can reduce that figure by £50, £100 or £150.

Getting the low down on local shopping
• Ask participants where they think the cheapest places are to buy furniture/electrical goods/white goods.
• Follow this up by asking participants whether the cheapest place to buy is also the best value place to buy, and crucially, whether what seem cheap at first might have hidden costs.

Developing a resource
• Again, these three exercises could be used to get the group to develop a resource which can be used with other groups in the future, or which they might find helpful themselves. This could be in the format of a brief shopping and money saving guide for tenants who are new to the area.
Using games

Board games can really make sessions come to life and provide another way of dealing with the issues. Think about designing a Snakes and Ladders game based on tenants’ lives, ladders might be life events such as getting a job, snakes might involve a washing machine or car breaking down and needing repair. You can use such games to highlight the consequences of the tenant making or avoiding particular decisions, and draw in elements of budgeting above and beyond rent management.

At [www.realgame.co.uk](http://www.realgame.co.uk) there is a Monopoly style game intended for use with later school year pupils which can stimulate discussion and put into practice the issues raised in the session. For example, Community Chest and Chance cards are used to test the knowledge of participants and provide them with the opportunity to reflect on the different elements of the sessions in an engaging way.

### iii. Lesson plan

<table>
<thead>
<tr>
<th>Theme/Objectives</th>
<th>Activity</th>
<th>Resources</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Welcome and warm up</strong>&lt;br&gt;Theme: Importance of budgeting&lt;br&gt;Objective: Participants should understand the reasons why budgeting is so important, and how it links to them achieving the rest of their life aims.</td>
<td>• Introduce session&lt;br&gt;• Ask participants how they already ‘budget’, whether in their head, or on paper.&lt;br&gt;• Ask participants to think about their short and long term goals.</td>
<td></td>
<td>10 mins</td>
</tr>
<tr>
<td><strong>Theme: Regular and irregular sources of income&lt;br&gt;Objective: Participants should understand that income comes from different sources. Some of these sources may provide regular and reliable income, some may not.</strong></td>
<td>• Discussion – Potential sources of income.&lt;br&gt;• Individual exercise – Ask participants to make a list of all the money that they receive in a month.</td>
<td>Prepare handout on sources of income e.g. wages, benefits, Social Fund, tax credits, overtime, irregular work, gifts, winnings/inheritance!</td>
<td>15 mins</td>
</tr>
<tr>
<td><strong>Theme: Essential/non essential, frequent/infrequent, predictable/unpredictable expenditures&lt;br&gt;Objectives: Participants should understand that:</strong>&lt;br&gt;• Expenditures can be regular or irregular, predictable or unpredictable, frequent or infrequent, and essential or non essential.*&lt;br&gt;• Rent is an essential expenditure that they have a responsibility to pay on time.</td>
<td>• Individual Exercise – Ask participants to count their money in their wallet and pockets, and whether they knew they had this much, or if the amount surprised them.&lt;br&gt;• Discussion – Ask participants what participants think people spend money on.&lt;br&gt;• Discussion – Follow this by focusing on which expenditures participants feel are (non)essential, and (ir)regular, and (un)predictable.</td>
<td>Pictures of different goods and services to help stimulate discussion.</td>
<td>30 mins</td>
</tr>
</tbody>
</table>
### Lesson plan

<table>
<thead>
<tr>
<th>Theme/Objectives</th>
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<th>Resources</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Theme: Building participants’ capacity</strong>&lt;br&gt;&lt;br&gt;<strong>Objective:</strong> Participants should be able to:&lt;br&gt;• Think carefully about different ways of spending their money, in particular about whether they can save money by spending differently.*&lt;br&gt;</td>
<td>Pair/Group Exercise: ‘Five Ways to Save a Pound’.</td>
<td></td>
<td>20 mins</td>
</tr>
<tr>
<td><strong>Theme: Building participants’ capacity</strong>&lt;br&gt;&lt;br&gt;<strong>Objectives:</strong> Participants should be able to:&lt;br&gt;• Use a simple budget to plan and control spending.<em>&lt;br&gt;• Pull together their personal financial information, and base their financial choices on that information.</em>&lt;br&gt;• Think carefully about different ways of spending their money, in particular about whether they can save money by spending differently.*</td>
<td>Pair/Group Exercise: Two of the case study examples.</td>
<td>Create budgeting sheets based on case study information, setting out income and expenditure.</td>
<td>25 mins</td>
</tr>
<tr>
<td><strong>Theme: Building participants’ capacity</strong>&lt;br&gt;&lt;br&gt;<strong>Objectives:</strong> Participants should be able to:&lt;br&gt;• Use a simple budget to plan and control spending.<em>&lt;br&gt;• Balance needs and wants, and be able to prioritise within the constraints of limited resources.</em></td>
<td>Group Exercise: ‘Party time.’</td>
<td>Create handout describing Party Time Exercise.</td>
<td>30 mins</td>
</tr>
<tr>
<td><strong>Wrap up</strong></td>
<td>• Summarise discussion.&lt;br&gt;• Set preparation task for following session.</td>
<td></td>
<td>10 mins</td>
</tr>
</tbody>
</table>
Chapter two: Opening and using a bank account

National Housing Federation figures from 2007 show that one in six social rented tenants in England do not have a bank account, a far higher proportion than in the general population. A number of participants in your session may be in this position. This chapter deals with a number of the issues involved in opening and making appropriate use of a bank account.

Access to a bank account is a key financial inclusion issue.

- The Government is continuing to move to the direct payment of benefits into bank accounts.
- Employers usually demand that employees have bank accounts into which their wages can be paid. (NB: Post Office Card Accounts do not currently have that facility).
- Those dealing in cash alone leave themselves more open to theft and loss of their money.
- Those with a bank account have access to cheaper ways of paying regular bills such as utilities or telecom bills.

i. Themes, objectives and key messages

**Theme:** Different types of payment methods

**Objectives:**
Participants should understand that:
- Cash is not the only way to pay for goods and services.
- There are different types of payment methods such as direct debit, debit cards, credit cards, cheques etc.*

**Key messages:**
Participants should understand:
- That different ways of paying for different goods, may be cheaper or more appropriate, e.g. discounts are available for those paying for utilities by direct debit.
- The practical issues involved in paying for goods and services by different methods of payment.
- The differences between a debit card and a credit card.

**Theme:** Issues in managing accounts

**Objective:**
Participants should understand:
- The issues involved in keeping money in an account, whether provided by a bank, building society, credit union, or the Post Office.*

**Key messages:**
Participants should understand that:
- Some accounts have specific usage conditions of which they should be aware.
- They need to keep an eye on the money in their account.
- They should always have enough money in their account to cover regular expenditures such as direct debits, and that they may incur charges from their account provider if they do not.
- Payments into accounts do not always reach their account immediately.
- Payments from their account using debit cards and ATMs will leave their account immediately.
- Some cash machines may charge them to take out their money, and this may be expensive.
- If they have a Basic Bank Account (or one of several specific current accounts) they can access their money for free at the Post Office.
# CHAPTER TWO  Opening and using a bank account

## i. Themes, objectives and key messages

### Thematic areas

<table>
<thead>
<tr>
<th>Theme: Account and promotional information</th>
<th>Theme: Security issues</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objectives:</strong></td>
<td><strong>Objective:</strong></td>
</tr>
<tr>
<td>Participants should understand:</td>
<td>Participants should understand the need to keep money safe and the issues involved in doing so.</td>
</tr>
<tr>
<td>• The official financial information that banking providers make available to their customers in the form of statements.*</td>
<td></td>
</tr>
<tr>
<td>• The purpose of advice, advertising and marketing information, and how it aims to influence them.*</td>
<td></td>
</tr>
<tr>
<td><strong>Key messages:</strong></td>
<td><strong>Key messages:</strong></td>
</tr>
<tr>
<td>Participants should understand that:</td>
<td>Participants should understand that:</td>
</tr>
<tr>
<td>• Their account provider will send them regular statements about the money they have in their account. These will tell them when and where they have withdrawn money, and where they have bought things if they have paid by debit card.</td>
<td>• Carrying large amounts of cash may leave them vulnerable to theft or robbery, with no way of getting the money back if it is stolen.</td>
</tr>
<tr>
<td>• This information can be a real help in assisting them to budget.</td>
<td>• Keeping large sums of money at home will leave them similarly vulnerable to theft, again with no way of getting the money back if it is stolen.</td>
</tr>
<tr>
<td>• This information will also be available at cash machines, and possibly online or over the phone depending on the type of account they have.</td>
<td>• Keeping money in a bank or building society is much safer.</td>
</tr>
<tr>
<td>• It is important to check the information on their statement to make sure no-one has been misusing their accounts. If there is a mistake, or money going out they do not recognise, they should contact their bank immediately.</td>
<td>• As long as they take reasonable care and contact their bank as soon as they realise something is wrong, they should be entitled to a refund of any money lost through fraudulent activity (except for the first £50).</td>
</tr>
<tr>
<td>• It is important to keep written communication such as bank statements secure, and, if disposing of it, to destroy any details which might help someone access their account without permission.</td>
<td>• They will still need to take some security measures, for example not telling other people their PIN, or letting other people use their card.</td>
</tr>
<tr>
<td>• If they have an account, they will receive information about the wide range of products that banks, buildings societies and credit unions offer.</td>
<td></td>
</tr>
<tr>
<td>• They may find some of the products on offer helpful, others they may feel they do not need.</td>
<td></td>
</tr>
<tr>
<td>• They can shop around for the same products elsewhere.</td>
<td></td>
</tr>
<tr>
<td>• They should never feel under pressure to take up the offer of a financial product.</td>
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</tbody>
</table>

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*Note: Statements and bank communications may vary slightly depending on the institution.*

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<table>
<thead>
<tr>
<th>Theme: Security issues</th>
<th>Theme: Capacity building</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objectives:</strong></td>
<td><strong>Objectives:</strong></td>
</tr>
<tr>
<td>Participants should be able to:</td>
<td>Participants should understand the need to keep money safe and the issues involved in doing so.</td>
</tr>
<tr>
<td>• Compare the features of different forms of payment.</td>
<td></td>
</tr>
<tr>
<td>• Understand the procedures involved in opening a bank account.</td>
<td></td>
</tr>
<tr>
<td>• Compare the appropriateness of different banking products.</td>
<td></td>
</tr>
<tr>
<td>• Check bank statements for accuracy.</td>
<td></td>
</tr>
<tr>
<td>• Identify when and how they can make a complaint to a bank.</td>
<td></td>
</tr>
<tr>
<td>• Identify product information and be aware of the purposes of such information.</td>
<td></td>
</tr>
</tbody>
</table>
ii. Exercises

Getting started: suggested warm-up exercise

You can use the warm up exercise to get a sense of the engagement that your participants have with the banking sector, and the way they think about banks, building societies, credit unions etc. Noting some of the issues raised by participants at this stage will allow you to tailor the latter parts of the session.

Suggestions:

• If the participants have been working together for a while, you may be able to ask them explicitly whether or not they have a bank account.
• A less blunt way of tackling this issue is to ask participants where they have their wages or benefits paid.
• If all the participants have a bank account, ask them why they chose to go with their current bank.

Suggested discussion topics/exercises for covering the themes

Different Types of Payment Methods/Issues in Managing Accounts

• Discuss where accounts are available: e.g. from a bank, building society, the Post Office or credit union.
• Highlight that Basic Bank Accounts are available from all high street banks.
• Discuss the different places where people keep their money and the pros and cons of these.
• Discuss how you can manage and watch your cash flow when it is in an account, and the reasons why this is important.
• Hold up cards with banking jargon on them and ask the group to explain what they mean.
• Ask the participants to bring in leaflets about bank accounts available on their high street.
• Ask participants about the different bank accounts that are available.

• Ask participants to locate the local branches of three or more high street banks in their area, using their own knowledge, the internet or Yellow Pages.
• Ask participants to locate three or more automatic cash machines near to their home, and if they know which ones are free to use, which charge a fee, and how much they charge.
• Identify three different types of card – credit card, debit card, pre payment card. You may find it useful to use the Basic Skills Agency ‘Colossal Cards’ (see Appendix) to support this part of the discussion.
Accounts and promotional information

- Discuss why it can be useful to keep account statements, for budgeting purposes etc.
- Discuss why it is important to check the information contained in account statements, to prevent misuse of cards etc.
- Examine and discuss the layout of account statements.
- Check an account statement (for resources see Appendix).
- Using a range of promotional leaflets, discuss whether there are other products offered by banks that might interest people.

Security issues

- Bring in or create an article about bank fraud, and ask participants what those who were victims could have done to stop themselves becoming victims.
- Think about linking your exercise to community safety issues, ask participants if they have been nervous in the past when carrying large amounts of money, or if they have been afraid to keep money at home.

Suggested exercises for building capacity

Compare the features of different forms of payment

Ask participants to fill in this handout:

Handout: Payment methods comparison guide

<table>
<thead>
<tr>
<th>Type of payment</th>
<th>Easy to keep an eye on spending?</th>
<th>Safety issues?</th>
<th>Particularly usable for which goods and services?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debit card</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cheque</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standing Order</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct Debit</td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>
Suggested exercise for:

Be confident that they know the procedures involved in opening a bank account

Get participants to role play opening a bank account, or design a case study activity around the issue. You may find the following handouts helpful. It is also worth bearing in mind that ID is a challenging issue for many people.


### Handout: Why is identification important to banks?

**Why identification is important:**
- The law requires banks to identify their new customers. This may mean banks also ask you for proof of identity if you are already a customer. This may be because:
  - You were a customer before identify checks became law or when the standard checks were different from those needed today;
  - The bank wants to check that the information it has on you is up to date; or
  - The bank wants to protect itself and you against fraud.

### Handout: Forms of identity usable to open an account

#### ID to prove who you are:
- Current signed passport
- Immigration Status Document, with Residence Permit
- National Identity Card (nationals of EEA and Switzerland)
- Current UK photo-card driving licence or the full paper version
- Original benefits entitlement letter from DWP, HMRC or local authority
- If you’re self-employed in the construction industry, a tax exemption certificate with your photograph on it
- HMRC Tax Notification
- Firearms certificate or shotgun certificate

#### ID to prove where you live:
- Confirmation that you are on the electoral register (which banks can search for electronically)
- Recent utility bill (usual from within the last three months) or certificate from the company saying that you pay for the services on ‘pre-payment’ terms
- Rent card or tenancy agreement with your landlord
- Local authority tax bill (e.g. Council Tax letter) valid for the year
- Current UK photo-card driving licence or the full paper version
- Bank or building society statement or passbook containing current address
- Letter from your care home manager/warden of sheltered accommodation
- Record of a visit to your home by a member of staff
- Most recent original mortgage statement from a recognised lender
- Solicitor’s letter confirming you have recently bought a house or confirmation from Land Registry
- Original entitlement letter from DWP, HMRC or local authority
  
- Not all banks will accept all of these forms of identification and sometimes a bank might accept something else you have that’s not on these lists.
- You will normally need at least one form of ID from each list. If you don’t have these, the bank should help you to provide something else instead – ask them about it!
- Neither the FSA nor the law sets out how banks should check identity. In most cases banks will follow guidance produced by an independent body, the Joint Money Laundering Steering Group.
CHAPTER TWO Opening and using a bank account

Handout: Step-by-step guide to opening a bank account

**Step 1**
Choose a bank, building society or credit union you wish to bank with

- It is best to ‘shop around’ to find a bank that is best suited to your needs. Problems of access may mean that telephone or online banking may be a priority. A good idea is to check that there is a branch near to your accommodation.

**Step 2**
Choose the type of account that suits you best

- You can go into any bank, credit union or building society and ask for information on their accounts. It is best to decide what your priorities are (such as having an overdraft facility or debit card) before choosing a type of account. A good idea is to collect leaflets from different places, and then compare the services on offer before deciding.

**Step 3**
Visit that bank with two forms of identification to prove your name and address

- If the bank is busy you may be asked to book an appointment and return then, or be given a number so you can apply over the phone. You may also need to take a sum of money if the account requires a minimum opening amount, you need to check this out. You will be asked personal details, such as employment status, date of birth and address.

**Step 4**
Open the account and receive your passbook, cash card or debit card

- Depending on the account you choose will determine whether you will be receiving a passbook, cash card, debit card, cheque book and cheque guarantee card. These often are sent through the post. When you receive these, you can start using them!

Handout: Things to remember when opening a bank account

- Check with the bank about the different types of identification that they will accept, some banks are more flexible than others!
- You will normally need at least one form of ID to prove your name, and one to prove your address. If you don’t have these, the bank should help you to provide something else instead – ask them about it!
- If you do not understand something about the account, do not be afraid to ask bank staff.
- Check if the account you are opening requires a minimum amount to open the account.
- Some accounts require a minimum sum before they can be used (this can be as much as £50 so make sure that you check!).
- If your account offers an overdraft facility, check how much it charges to use as you may be caught out with high charges.
- Check if you can set up a Standing Order or Direct Debit with your account. If you can, it may be worth paying for bills this way as they are often cheaper than other methods.
- If there are Direct Debit facilities, check if there is a charge for unpaid direct debits, as this can be as much as £37!
**Suggested exercise for:**

**Compare the appropriateness of different banking products**

Get participants to fill in the grid below, individually, in pairs or as a group. This enables you to explore the reasons for choosing different bank accounts.

**Handout: Account comparison grid**

<table>
<thead>
<tr>
<th>Name and type of account (basic/current)</th>
<th>Is there a local branch of the bank?</th>
<th>Can money be accessed through the Post Office?</th>
<th>Does it have an overdraft facility?</th>
<th>Are there any charges, e.g. an unarranged overdraft to meet a payment?</th>
<th>Does it need a minimum opening balance?</th>
<th>Are there any additional features?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
Suggested exercise for:

Check bank statements for accuracy

You may find it helpful to mock up a bank statement with a couple of obvious errors within it, and ask participants if they can spot them. You can also use mocked up statements to lead discussion on the information that is contained in bank statements.

Suggested exercise for:

Making a complaint

Encouraging participants to think about how they might make a complaint against their bank is an important part of building their confidence as a consumer. You may ask participants to draft a letter of complaint to a bank, or role play making a complaint.

A discussion of the banking code may be a good basis for building this discussion. Your group may know of other services that have a written standard of practice, or you may be able to use another example.

Handout: Summary of the Banking Code

- The Banking Code is a voluntary code which sets minimum standards for the way in which banks, building societies and other banking service providers treat their customers – it explains what sort of service banks should give you.
- It contains general information about interest rates, charges, terms and conditions, changing your account, advertising and marketing.
- It also gives you information about how to use your account and where to get help if you have financial difficulties.
- More information is available at www.bankingcode.org.uk.

Handout: When to complain

Reasons for complaining:

- Unexpected or excessive charges
- Losing money because a bank doesn’t sort out your problem quickly
- Money is stolen from your account
- You are given false or misleading information about a product
- The bank doesn’t explain the product and the risks of the product adequately
- The bank doesn’t draw your attention to a particularly strict condition in a contract
- The bank doesn’t carry out your instructions
- You are not given adequate notice about changes to a contract

- The bank you buy a financial product from has a responsibility to provide clear information about how it works, the terms and conditions, and the interest rates which apply to it.
- You have a responsibility to make sure you understand the product by asking questions and reading the small print, and by making sure you can afford the payments or repayments.
Opening and using a bank account  

CHAPTER TWO

ii. Exercises

Handout: Step-by-step guide to making a complaint

**Step 1**
Talk to the bank from which you bought the product

- It is best to make a complaint in writing.

**Step 2**
Ask for details of their formal complaints procedure or ask to speak to someone senior

- If you do not telephone or speak to someone at a branch, make sure you make a note of the date, the person you spoke to and what was said.

**Step 3**
Take your complaint to an independent complaints scheme like the Financial Ombudsman

- Depending on what product you have bought, there are different organisations to whom you can forward your complaint if you are still unhappy.

**Step 4**
Take your case to court

- This may cost you money for solicitors etc. However, you could first get free legal advice from an advice centre and you may be eligible for legal aid (which pays for some of your costs). It is always best to be sure your complaint is worth taking to court before you do so!

Handout: Things to remember when complaining

- It is best to write a letter when you want to complain about something as this means that you and the bank have a record of your complaint.
- If you make a telephone call, always make a note of the date, the person to whom you spoke and what you both said. It is best to follow up the telephone call with a letter stating what you both talked about so that it is ‘on the record.’
- Write your letter in blue or black ink in case it needs to be photocopied.
- Write ‘COMPLAINT’ at the top of your letter so that it goes straight to the right person.
- Include any reference numbers to do with the product you are complaining about, for instance your policy number or customer reference number.
- State your complaint as clearly as possible.
- Always be polite and don’t be abusive or sarcastic!
- Always keep a copy of your letter so that you have a record of what you said.
- Always send copies of original documents – never send your original documents.
- You may want to send your letter by recorded delivery to have proof that you sent it and that they received it.
- More information is available at [www.moneymadeclear.fsa.gov.uk](http://www.moneymadeclear.fsa.gov.uk).
### iii. Lesson plan

<table>
<thead>
<tr>
<th>Theme/Objectives</th>
<th>Activity</th>
<th>Resources</th>
<th>Time</th>
</tr>
</thead>
</table>
| **Welcome and warm up** | • Introduce session  
• Ask participants where they have their benefit or their wages paid.  
• If all of them have a bank account, ask them why they chose to go with their account provider. | | 10 mins |
| **Theme: Different types of payment methods**  
**Objectives:** Participants should understand that:  
• Cash is not the only way to pay for goods and services.  
• There are different types of payment methods such as direct debit, debit cards, credit cards, cheques etc.* | • Discussion — Different ways of paying for goods and services.  
• Ask participants how they pay for a range of everyday goods and services. | Create handout listing ways of paying. | 10 mins |
| **Theme: Capacity building**  
**Objective:** Participants should be able to:  
• Compare the features of different forms of payment. | • Pair/Group Exercise — Get participants to complete the grid comparing different types of payment methods. | Handout within Guide. | 15 mins |
| **Theme: Issues in managing accounts**  
**Objective:** Participants should understand:  
• The issues involved in keeping money in an account, whether provided by a bank, building society, credit union, or the Post Office.* | • Discussion — Who provides bank accounts?  
• Discussion — Issues involved in managing money in a bank account. | | 20 mins |
| **Theme: Building participants’ capacity**  
**Objective:** Participants should be able to:  
• Compare the appropriateness of different banking products. | • Group Exercise —  
• Provide the participants with leaflets on various bank account options.  
• Ask them to complete the grid for comparing accounts. | FSA ‘Basic bank accounts’ leaflet.  
Handout within the Guide. | 20 mins |
| **Theme: Building participants’ capacity**  
**Objective:** Participants should be able to:  
• Describe the procedures involved in opening a bank account. | • Tutor input — Walk participants through the issues and procedures involved in opening a bank account:  
• Identification  
• The step by step process.  
• Issues that they need to remember.  
• Pair Exercise — Get participants to role play opening a bank account. | Handouts within the Guide.  
Specimen application forms/ID lists from local bank branches. | 45 mins |
### Lesson Plan

<table>
<thead>
<tr>
<th>Theme/Objectives</th>
<th>Activity</th>
<th>Resources</th>
<th>Time</th>
</tr>
</thead>
</table>
| **Theme: Account and promotional information**<br><br>**Objectives:** Participants should understand:  
- The official financial information that banking providers make available to their customers in the form of statements.*  
- The purpose of advice, advertising and marketing information, and how it aims to influence them. | **Group Discussion** –  
- Share with participants a mocked up bank statement.  
- Table a range of information on other products offered by banks.  
- Ask participants which of them they might be interested in using, and which might be their priorities. | Specimen bank statement.  
Promotional leaflets relating to non account products from banks, building societies etc. | 20 mins |
| **Theme: Building participants’ capacity**<br><br>**Objective:** Participants should be able to:  
- Identify product information and be aware of the purposes of such information. | **As above** | | |
| **Wrap up** | **Summarise discussion.**<br>**Set preparation task for following session.** | | 10 mins |
Chapter three: Saving

Only 19% of social rented tenants have savings products, according to 2007 figures from the National Housing Federation. Based on this, it might be assumed that social housing tenants are not interested in saving, or lack sufficient income to save. This is not the case. Experience from the Government’s Savings Gateway pilots suggests that people on low incomes are very keen to save, given the right products, and the right incentives for doing so.

Saving allows people to do a number of key things:
- Put money aside in case of difficulties or crisis.
- Have extra security when making a purchase, people know they have the money available to make a purchase.
- Put money aside for specific purchases or goals – going on holiday, towards education, furniture or home decoration and improvements.

There is a huge range of savings products that are available to consumers, which can sometimes lead to confusion.

This chapter focuses on exploring with participants the reasons why saving can be a good idea, and how they might go about developing the savings habit.

i. Themes, objectives and key messages

<table>
<thead>
<tr>
<th>Theme</th>
<th>Reasons for saving</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objectives:</strong> Participants should understand:</td>
<td></td>
</tr>
<tr>
<td>- The need to consider saving, and the potential benefits of saving.*</td>
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<tr>
<td>- If they save money they will be paid money in interest, if they borrow money they will pay money in interest.*</td>
<td></td>
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<tr>
<td>- The need to keep money safe and the options available for doing so.*</td>
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</tr>
<tr>
<td><strong>Key messages:</strong> Participants should understand the following positive messages:</td>
<td></td>
</tr>
<tr>
<td>- Saving for a rainy day can help if there is an emergency or crisis.</td>
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</tr>
<tr>
<td>- Saving is just one way of acquiring things. People may also ask for things, buy them outright when they have enough money, borrow money to buy them, or sell other things to get them.</td>
<td></td>
</tr>
<tr>
<td>- Saving gives people more freedom and opportunity — it can purchase more expensive goods and services — a car, a holiday, electrical goods, presents — particularly Christmas presents, new furniture or carpets. It can help people afford to pay for major events such as weddings.</td>
<td></td>
</tr>
<tr>
<td>- People often save to put down money on a deposit for a house.</td>
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<tr>
<td>- Saving can help at particular times of life when money needs to go further — for example when getting married, starting a family or having another child.</td>
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<tr>
<td>- Having savings can help people when they undergo a major change in their life, for example, when they retire or have a relationship break up.</td>
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<tr>
<td>- If they have children, saving money can help them be a good role model for their children. Using the Child Trust Fund can help their children to access a substantial lump sum at the age of 18.</td>
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</tr>
<tr>
<td><strong>They should also understand that:</strong></td>
<td></td>
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<tr>
<td>- People should never borrow to save — this will cost them more money.</td>
<td></td>
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<tr>
<td>- If they save too much, they might miss out on spending their money now for the sake of imagined opportunities or emergencies which never happen.</td>
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</tr>
<tr>
<td>- Saving more than a certain amount might affect their benefit.</td>
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<tr>
<td>- Keeping large sums of money at home will leave them vulnerable to theft, with no way of getting the money back.</td>
<td></td>
</tr>
<tr>
<td>- If they keep hold of cash, it will decrease in value because of inflation.</td>
<td></td>
</tr>
<tr>
<td>- Different types of saving may offer different rates of return, but will be more or less risky.</td>
<td></td>
</tr>
</tbody>
</table>
**Theme: Different ways to save**

**Objective:**
Participants should understand:
- There are different ways of saving, and a variety of ways and places to save.

**Key messages:**
Participants should understand that:
- Banks, building societies and credit unions all offer different ways of saving.
- Different locations for saving may be appropriate for different reasons.
- The amount of money they make on their savings is dependent on the interest rate paid on those savings.
- This interest rate is known as the Annual Equivalent Rate. This shows the amount paid yearly.
- Some types of savings are subject to tax, some are not, though they will not be taxed on their savings if they are claiming benefits and not working.
- Some savings accounts offer a fixed interest rate which does not change, others offer a variable rate which does change.

**Theme: Issues in managing savings**

**Objective:**
- The issues involved in keeping money in accounts provided by banks, building societies and credit unions.

**Key messages:**
- Different savings accounts may have different conditions, such as charges to withdraw money, or the requirement to keep a minimum amount in the account.
- Different accounts may require different periods of notice to get hold of money.
- Different accounts may be suitable for different purposes, different amounts of savings, and different lengths of time to make savings.

**Theme: Capacity building**

**Objectives:**
Participants should be able to:
- Compare the advantages and disadvantages of different ways of saving and different savings products.
- Identify how saving can fit into an overall budget, and draw up a budget which includes money set aside for saving.
- Work out how much they might expect to gain from saving money, and how long it will take them to save a particular amount.
ii. Exercises

Getting started: suggested warm-up exercise
You can use this exercise to get participants thinking about their motivation to save. You might want to base the exercise around thinking about holidays or Christmas presents, which are two expenditures for which people often save up. People also often have a very clear idea of where they would like to go, or what they would like to buy – if they had enough money.

Suggestions:
• Ask participants where they would like to go on holiday if they could save enough money.
• Ask participants what they would like to buy themselves, or someone else, as a treat or Christmas present, if they could save enough money.

Suggested discussion topics/exercises for covering the themes

Reasons for saving
• Discuss with participants how people acquire things.
• Discuss why people save. Ask participants to think about how people save for the short, medium and long term.
• Ask participants to think about different reasons people have for saving – for purchases, special occasions, emergencies and rainy days.

Different ways to save

Issues in managing saving
• Discuss where savings accounts are available/different providers of savings accounts.
• Discuss different types of savings products – and the pros and cons involved.
• Ask participants to research different types of savings accounts, by using the internet or getting different bank leaflets.
• Ask participants if they are aware of a credit union in their area.
• Discuss with participants how they might shop around for savings products.
• Discuss AER with participants and ask what it means with regard to savings.
• Hold up cards with pieces of savings related jargon on them, and ask participants to say what the jargon words mean.

You may find the following handouts useful in guiding discussion on some of these topics:
Handout: How can we acquire things?

- Beg for them! – Somebody buying on your behalf.
- Buy them outright! – Existing income covers purchase.
- Borrow money to buy them
  - Loan
  - Overdraft
  - Credit card
  - Hire purchase
- Sell something to get money for them
- SAVE money for them

Handout: Reasons for saving

Why save?

- Buy a car
- Go on holiday
- Go on a world cruise
- Buy a fridge/freezer/electrical goods
- Buy new furniture
- Buy a present
- Buy clothes
- Buy a house/flat
- Buy new carpets
- Treat yourself
- Retirement
- Wedding

What else can you think of?

When save?

- There are times in life when money needs to go further, these are times when savings may come in handy!
- Being a student (need money to go further)
- Setting up your own home
- Getting married
- Sending a child to university
- Retiring
- Starting work
- Starting a family
- Having a second child

Can you think of any more?

Handout: Benefits and disadvantages of saving

Possible benefits:

- Money makes money. You will be paid to save but have to pay money if you borrow.
- Saving for rainy days can help if there is an emergency or crisis, and give a greater sense of security.
- Having extra money put aside offers greater freedom and opportunity – you can go on holiday, do more education or use it to put a deposit on a flat or house.
- Increases your independence when you leave home or retire, or have a relationship break-up.
- It’s a good role model for your children and can be used to support them later in life.

Possible disadvantages:

- It is better to use the money you have, than borrow money to save. It costs to borrow.
- Could miss out on present opportunities for the sake of imagined opportunities or emergencies which never happen.
- Saving more than a certain amount of money could have an effect on any benefits received.

- Be realistic about your saving. Don’t give up things you need like food or electricity, just so you can put money away.
- Put your money in safe place like a bank account or savings account, so it cannot be stolen or ‘borrowed.’
- Make sure your money is working for you – the higher the interest rate the more money you will be paid on your savings, but watch out for the small print: it might have a good interest rate but you might not be able to access your money easily if you need it quickly.
Suggested exercises for building participants’ capacity

Suggested exercise for:
Comparing types of savings products

Give participants a list of savings products/savings accounts, and ask them to discuss their advantages and disadvantages. Support the discussion by providing leaflets and other information about real products and accounts.

Handout: Types of savings accounts

<table>
<thead>
<tr>
<th>There are many different types of savings accounts with different names:</th>
<th>Less money</th>
<th>More money</th>
</tr>
</thead>
<tbody>
<tr>
<td>• ‘No Notice’ – take out your money when you want</td>
<td>Easy to get at</td>
<td>• Standard no notice account</td>
</tr>
<tr>
<td>• ‘Individual Savings Account’ – a tax efficient way of saving or investing, with limits on how much you can pay in one year.</td>
<td></td>
<td>• Standard no notice with high interest</td>
</tr>
<tr>
<td>• ‘Notice’ – waiting a period of time agreed with the bank before taking out your money.</td>
<td>• Notice account</td>
<td>• Individual Savings Account (ISA)</td>
</tr>
<tr>
<td>• ‘Bonds’ – saving by making a loan to a company or the government.</td>
<td>• Bonds</td>
<td></td>
</tr>
</tbody>
</table>

The type of account you choose will depend on:
- What you are saving for (if anything).
- What money you have available to save.
- How long you are saving for (fixed length of time or ongoing).
- How quickly you want to be able to get your money out and what means you want to use to put your money in and take it out (bank branch, telephone, internet).
- How much money you want to earn on your savings through interest.
- Whether you are willing to take a risk with your money (through investments).

Handout: Things to remember when saving

- Saving and investing are different.
- Remember gross interest is before tax is taken off and net interest is after tax.
- Watch out for conditions on accounts, like not being able to access your money instantly.
- £20 today is worth less than it was £50 years ago! Make sure your savings have interest on them.
- Watch out for conditions on accounts, like being charged when you take out money.
- Remember a variable interest rate will change.
- Watch out for conditions on accounts, like keeping a minimum amount in your account to get interest.
- Invest money to increase your wealth. But remember, you might lose it too!
- The interest is the percentage of money a bank gives you based on the amount of money in your account.
- Save money to keep it safe and to keep its value.
- Remember ISAs are tax free!
- Remember a fixed rate of interest won’t change.
During the discussion, participants may find that they need a better understanding of the concept of interest rates. You may find the following handouts helpful in leading that discussion.

**Handout: Working out interest**

- When you save money in a bank you are usually paid an amount of money – this is called interest.
- The interest rate is the amount of money the bank will give you based on the amount in the account
  - It is usually calculated as a percentage
  - A percentage shows an amount as part of 100.
- To work out a percentage of an amount, times the percentage amount by the actual amount and then divide that answer by 100, so 10% of £50 would be:
  - 10 x 50 = 500
  - 500 ÷ 100 = 5
  - So 10% of £50 is £5

- Say you open a savings account with £500. The savings account offers 7% compounded interest a year and you want to know how much your savings will have grown in 2 years:
  - Take the actual amount you save with = £500
  - Times (or multiply) this by rate of interest = 7
  - 500 x 7 = 3500
  - Take the answer and divide it by 100
  - 3500 ÷ 100 = 35
  - £35 is the interest in your first year, so your total savings are £500 + £35 = £535
  - Now you do the same with the total of £535
  - 535 x 7 = 3745
  - 3745 ÷ 100 = 37.45
  - £535 + 37.45 = 572.45
- The higher the interest rate the better it is for your savings (but NOT for any loans you have!).

**Handout: Comparing interest rates**

- The best way to compare interest rates on savings products is by comparing the AERs.
- AER stands for Annual Equivalent Rate.
- The AER shows the amount of interest you will be paid yearly (not monthly).
- The AER figure combines all costs and the interest rate and takes account of the length of your saving product and shows you an approximate annual interest rate for that savings product.
- AER figures are the best way to compare interest rates but they are not perfect. Basically the higher the AER, the better it is!
- A fixed rate of interest will not change – check if a savings product offers this.
- A variable rate of interest will change – check if a savings product offers this.
- Gross interest rate is before tax is taken off, net interest rate is after tax is taken off.
Suggested exercise for:

**Budgeting for savings**

**Working out how much can be gained from saving money**

**How long it will take them to save a particular amount**

The following three case studies have been designed to facilitate exercises in budgeting for saving. You can alter them to make them more relevant for your client group.

### Handout: Case studies for budgeting for saving

#### How much money can Agnieszka afford to save each week?

- Agnieszka earns £185 per week and gets £60 a month child tax credit.
- She lives with her children in a flat and pays about £300 a month in rent. Food, housekeeping and utilities come to about £400 a month.
- She also sends £100 a month home to her family in Poland.
- Agnieszka wants to save for a rainy day fund. How much can she afford to save each week?
- What sort of questions does she need to ask herself before she gets a savings account?

#### How long will it take Morgan to save for her new carpets and furniture?

- Morgan has an income of £210 a week. Her rent is £240 a month and she pays £300 on groceries, utilities, council tax and other bills.
- Morgan wants to buy new carpets for her house. She thinks that this will cost about £2,000. How long will it take her to save up for it (don’t forget to leave her some spending money)?
- What sort of questions does Morgan need to ask herself before she gets a savings account?
Handout: Case studies for budgeting for saving

What would you advise Lloyd to do?

- Lloyd is 20 years old and earns £200 per week with a building company. He doesn’t like his job and would like to put some money aside to help him start his own handyman business. He would also like to put together a deposit to get onto his housing association’s shared ownership scheme.
- He pays about £50 per month travelling to work.
- He pays £240 a month on rent, and about £300 per month on household bills including council tax, groceries and utilities.
- He plays football, and goes out every week after the game, usually spending about £30 a time.
- Lloyd’s grandmother recently died and left him £5,000.
- How much money can Lloyd save a month?
- What advice would you give Lloyd about saving some money, and using the money he has left?
- What questions would Lloyd need to ask himself before he got a savings account?
### iii. Lesson plan

<table>
<thead>
<tr>
<th>Theme/Objectives</th>
<th>Activity</th>
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<th>Time</th>
</tr>
</thead>
</table>
| **Welcome and warm up** | • Introduce session  
  • Ask participants where they would like to go on holiday if they could save enough money.  
  • Ask participants what they would like to buy themselves, or someone else, as a treat or Christmas present, if they could save enough money. | | 10 mins |
| **Theme: Reasons for saving**  
**Objectives: Participants should understand:**  
• The need to consider saving, and the potential benefits of saving.*  
• If they save money they will be paid money in interest, if they borrow money they will pay money in interest.*  
• The need to keep money safe and the options available for doing so.* | • Discussions  
  — How people acquire things.  
  — Contrast pros and cons of savings vs borrowing.  
  • Small group brainstorm  
  — Why people save.  
  — What people might save for in the short, medium and long term.  
  • Feedback from groups; capture example short, medium & long-term reasons for saving. Include ‘rainy-day fund’. | Handout within Guide. | 30 mins |
| **Theme: Different ways to save**  
**Objective: Participants should understand that:**  
• There are different ways of saving, and a variety of ways and places to save. | • Discussions  
  — Where savings accounts are available/ different providers of savings accounts.  
  — Different types of savings products — and the pros and cons involved.  
  — Savings related jargon.  
  — AER — discuss and ask what it means with regard to savings.  
  • Savings glossary game:  
  — match product names with product description  
  — when all matched, feedback and write on board adjacent to short, medium and long term. | Leaflets from savings account providers (including local credit unions).  
Budget handouts within guide  
Create cards of savings products and descriptions (available in FSA ‘Saving & Investing’ leaflet) | 40 mins  
(Allow sufficient time for discussion of AER) |
| **Theme: Issues in managing savings**  
**Objectives: Participants should understand:**  
• The issues involved in keeping money in accounts provided by banks, building societies and credit unions.* | | | |
| **Theme: Building participants’ capacity**  
**Objectives: Participants should be able to:**  
• Identify how saving can fit into an overall budget, and draw up a budget which includes money set aside for saving.  
• Work out how much they might expect to gain from saving money, and how long it will take them to save a particular amount. | • Pair/Group Exercise — Budgeting exercises as appropriate to the group. | Handouts within the Guide.  
Blank budgeting sheets. | 30 mins |
### Lesson plan

<table>
<thead>
<tr>
<th>Theme/Objectives</th>
<th>Activity</th>
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<th>Time</th>
</tr>
</thead>
</table>
| **Theme:** Building participants’ capacity  
**Objective:** Participants should be able to:  
• Compare the advantages and disadvantages of different ways of saving and different savings products. | Group Exercise – Complete a grid comparing savings products on issues such as access to money, rate of return etc. and discuss suitability for original short, medium and long-term savings aims. | Leaflets for commercially available savings products.  
Savings comparison chart from FSA ‘Money Made Clear’ website. | 20 mins |
| Wrap up                  | Summarise discussion.  
• Set preparation task for following session.                               |                                                                          | 10 mins |
Chapter four: Borrowing

Almost everyone borrows money at some time. Borrowing can be a real help in managing household income. It can help to deal with emergencies or unexpected events, can make larger purchases possible, and opens up opportunities which would otherwise be missed.

Borrowing can however, be a risk, particularly for people on low incomes who often find themselves paying more to borrow from home credit companies or other high cost loan providers. Some 70% of the people borrowing from the home credit industry at 150% APR or more are social rented tenants. Worse, some people may find themselves borrowing from unlicensed lenders or loan sharks.

Wherever people borrow, changes in life circumstances can interrupt income and leave people unable to pay their debts. People can also over commit – paying by card can distance people from the reality of payment, and though ‘buy now, pay later’ can seem attractive, paying later isn’t always possible. The consequences of being in debt include stress, and strain on people’s relationships and their ability to maintain a stable life.

### i. Themes, objectives and key messages

#### Theme: Reasons for borrowing

**Objective:**
Participants should understand that:
- Borrowing can be a way of helping them manage their money when making big purchases.*

**Key messages:**
Participants should understand that:
- Borrowing is just one way of acquiring things. People may also ask for things, buy them outright when they have enough money, save money to buy them, or sell other things to get them.
- Borrowing can help spread payment for more expensive goods and services.

#### Theme: Different sources of borrowing

**Objectives:**
Participants should understand that:
- There are different sources available if they wish to borrow money, some ways of borrowing are more expensive than others.
- They may be able to borrow money even when out of work.*

**Key messages:**
Participants should understand that:
- They may be able to access loans from the social fund for household goods such as furniture or white goods.
- The money to pay back these loans will be taken from the benefits they receive, or from their income when they get a job.
- Bank loans may only be available for large amounts.
- Borrowing from Home Credit is usually an expensive option.
- Credit Unions and Community Development Finance Initiatives (CDFIs) will usually loan small amounts at affordable rates.
**Theme: Cost of borrowing**

**Objectives:**
Participants should understand that:
- Borrowing costs money, whilst saving earns money.*
- Some interest rates may vary over time.*

**Key messages:**
Participants should understand that:
- Borrowing can be expensive, and it is important to check the small print.
- The amount that they repay when they take a loan depends on:
  - how much they borrow
  - the time over which they pay the loan back (the period of the loan)
  - the rate of interest they are charged on the loan
  - any other charges put in place by the lender.
- Annual Percentage Rate (APR) of the loan is the best way to compare the cost of loans.
- APRs may vary, for example after introductory offers have finished. Some bank accounts or credit cards may charge different APRs for different transactions.
- The APR covers the interest rate, all the costs and charges in the loan and takes account of the length of the loan.

- If they get an unexpected amount of cash — using it to pay off debts might be a good idea rather than spending it.
- If they have a regular income, making regular payments of money they owe is essential.
- Their own ability to repay a loan may vary over time.
- Losing a job, or not being able to work, can leave them unable to repay money that they owe.
- The lender has a right to pursue them if they do not repay the money they have borrowed.
- Failing to repay money that they owe can leave them with a poor credit record.
- There are priority debts and non priority debts.
- Being in debt can be highly stressful, and can put strain on relationships.
- Being in rent arrears can leave them vulnerable to losing their home.
- If they borrow from illegal moneylenders they may find themselves in trouble.

**Theme: Risks and responsibilities when borrowing**

**Objectives:**
Participants should understand that:
- They will have both regular and unpredictable sources of money.*
- Their own ability to repay a loan may vary over time.
- There are consequences if they fail to repay loans.

**Key messages:**
Participants should understand that:
- They have a responsibility to repay loans that they take out.
- Borrowing can become problematic when they cannot afford the repayments.
- There are sources of help if they are struggling with debt.
- If they regularly find themselves borrowing money to make ends meet, they may need to look again at the way they budget, or seek help to maximise their income.
- The way that they pay for goods can make it seem as if they are not really spending money.

- If they borrow from illegal moneylenders they may find themselves in trouble.
ii. Exercises

Getting started: suggested warm-up exercise

Almost all the participants in the class will have borrowed money at some time or other. Use this exercise to get a sense of what sort of things people borrow money for, and their understanding of their responsibility to pay their loans back.

Suggestions:

- Ask participants what would they buy, or what would they do, if they won £1,000, £10,000, £100,000 or £1m on the lottery.
- Ask participants what was the last thing they borrowed money to buy.
- Ask participants if they have ever borrowed money to buy something and wished they hadn’t.

Suggested discussion topics/exercises for covering the themes

Reasons for borrowing

- Discuss how people acquire things.
- Discuss why people borrow. Get participants to talk about the difference between short, long and medium term.

Different sources of borrowing

- Discuss where credit is available.
- Discuss the different types of credit for example, overdrafts, credit cards or door step lenders.
- Research different types of credit product that are available – include loans available through the Social Fund.
- Discuss the pros and cons of these different types of credit.
- Hold up cards on which different bits of loan jargon are printed, and ask participants to explain what those words mean.

Risks and responsibilities in borrowing

- Discuss the potential implications of being in debt in terms of its personal impact, its impact on families, and its impact on finances.
Handout: Reasons for borrowing

Why save?
- Buy a car
- Go on holiday
- Go on a world cruise
- Buy a fridge/freezer/electrical goods
- Buy new furniture/carpets
- Buy a present
- Buy clothes
- Buy a house/flat
- Buy new carpets
- Treat yourself
- Retirement
- Wedding

What else can you think of?

When save?
- There are times in life when money needs to go further, these are times when people may choose to borrow.
- Being a student (need money to go further)
- Setting up your own home
- Getting married
- Sending a child to university
- Retiring
- Starting work
- Starting a family
- Having a second child

Can you think of any more?

Handout: Pros and cons of borrowing

Possible benefits:
- Helps make ends meet at the end of the month.
- Helps to deal with crises or emergencies/unexpected events.
- Makes larger purchases possible which would not normally be covered by regular income.
- Opens up opportunities which would otherwise be missed.
- Allows you access to other benefits and privileges through ‘points.’
- Builds up a credit history which makes you attractive to other lenders.

Possible disadvantages:
- Have to be careful who you borrow from and avoid irresponsible lenders.
- You pay to borrow money: interest can be expensive and it’s easy to miss the small print.
- Unforeseen circumstances/life changes may leave you unable to repay debts.
- Taking up loan offers or using cards can distance you from the reality of spending and lead to more borrowing – ‘Buy now, pay later’ can seem attractive, but paying later isn’t always manageable.
- It can be stressful, draining and put a strain on relationships when borrowing gets out of control.

• We borrow money for all kinds of different reasons:
  - Short term borrowing to make ends meet at the end of the month.
  - Medium term borrowing to cover the costs of expensive items like a car, or pay for further education courses (for instance, a student loan).
  - Long term borrowing to cover large expenses like a house (mortgage).
Handout: The implications of being in debt

Being in debt can cause several problems:

- Increases stress and it can be psychologically draining, and even cause ill health.
- It can put strain on relationships and can cause arguments about how to pay for things.
- It can mean that you have bailiffs harassing you.
- It can mean that you lose your home or some other item.
- It can mean that you are taken to Court or that you find it difficult to borrow money in future.
- It can be difficult to control once you don’t have much money.
- It can be difficult to work it out on your own without help.
- Living can be more expensive as you don’t have as much choice where to buy things.

Priority debts:
- Priority bills are those which relate to your home
  - Rent: you may be evicted if you do not keep up to date with rent payments.
  - Council tax: you might be made bankrupt and can even go to jail.
  - Fuel related bills like electricity and gas.
  - TV licence.
- Priority bills are also those which relate to the Government or council
  - Income tax or VAT (if you’re self employed) – you can be made bankrupt and can even go to jail.
  - Fines (even those relating to traffic offences): the bailiffs may come to repossess your possessions or you could be sent to jail.
  - Child maintenance.
- Other debts which relate to items you need – for instance a car you bought on credit which you need to get to work in.

Non-priority debts:
- Credit card bills.
- Store cards.
- Bank overdrafts and loans.
- Loans from money lenders (unless they are secured on your home).
- Benefits overpayments.
- Things like TVs or Videos which you pay for monthly.
- Money borrowed from friends or family.

You won’t go to prison but you might have bailiffs sent round or get a judgement against you.

You can get advice and offer to make repayments at a price you can afford.
Suggested exercises for building participants' capacity

This section gives you some practical ideas for exercises to achieve your capacity building lesson objectives. Information about real products and accounts.

Suggested exercise for:
Comparing ways of borrowing

Ask participants to draw up a table comparing different sources of credit.

**Handout: Types of savings accounts**

<table>
<thead>
<tr>
<th>Hire purchase</th>
<th>Home credit</th>
<th>Unsecured loan</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Normally items for which you pay over time, like a car, a sofa, and even some catalogue purchases.</td>
<td>• Money collected from you door.</td>
<td>• Borrowing which is not secured against anything.</td>
</tr>
<tr>
<td>• Watch out for 0% finance deals, how long they are 0% finance and whether you will have the money for repayments afterwards.</td>
<td>• High levels of interest.</td>
<td>• Varying rates of interest depending on amount and length of time.</td>
</tr>
<tr>
<td></td>
<td>• Watch out! Although the weekly payments may seem affordable, you will be paying a lot more for this type of credit over the course of a loan.</td>
<td>• Watch out! Lenders can take legal action if you don’t keep up repayments!</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Credit cards</th>
<th>Bank overdraft</th>
<th>Other forms</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Lots of offers with varying interest rates.</td>
<td>• Linked to a current account, the bank agrees an amount you can go into the red by.</td>
<td>• Informal lending from friends or relatives – watch out for strain on the relationship.</td>
</tr>
<tr>
<td>• Monthly repayments.</td>
<td>• Cheaper form of credit – but you may pay a fee for using the facility and you will pay interest on it.</td>
<td>• Loan sharks – watch out! Often resort to violence and threats.</td>
</tr>
<tr>
<td>• Watch out for varying rates on transferred cards, cash and purchases and introductory offers!</td>
<td>• Beware: Offers to keep increasing your overdraft may tempt you to borrow more than you want.</td>
<td>• Pawnbrokers – watch out! You might lose the item you pledge and your money too!</td>
</tr>
</tbody>
</table>

<table>
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<tbody>
<tr>
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</tr>
<tr>
<td>• Pawnbrokers – watch out! You might lose the item you pledge and your money too!</td>
</tr>
</tbody>
</table>

**Handout: About Credit Unions and CDFIs**

Credit Unions and CDFIs are community based, not for profit organisations that offer personal loans, and often a variety of other products to their members and customers.

- They offer smaller loans than are usually available from banks, building societies and loans companies.
- Their loans are at much lower rates of interest than those available from home credit companies.
- Many will allow you to miss occasional payments as long as you give them notice of doing so.
- Some credit unions will require you to have saved some money with them before taking out a loan, others will not. CDFIs usually offer quick access to loans if they are confident that you can repay them.
Handout: Comparing different types of loan

<table>
<thead>
<tr>
<th>Type of credit</th>
<th>APR</th>
<th>Monthly or weekly payment</th>
<th>Other features</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit card</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit Union/CDFI</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overdraft</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal loan from bank</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Home credit loan</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Suggested exercise for:

Choosing where to borrow from

Ask participants to think about this case study and say what they would do.

Patrick and Karen have one little girl. Patrick works part time as a postman, whilst Karen is taking a break from her job as a cleaner to look after their daughter Lily.

Patrick’s car broke down last year and it had to be written off. Since then it’s been difficult for the family to do its shopping, and get to see Patrick’s mother who is not keeping well.

They would like to borrow some money to buy a second hand car from a friend for about £1,000.

At the moment they are repaying a loan to a Home Credit company, who will be collecting their payment at the end of the week. Patrick thinks that they should borrow the £1,000 from the home credit company, when they call, but Karen has heard from her neighbour that home credit is very expensive.

How can you help Karen persuade Patrick to look elsewhere for a loan? Where might Patrick and Karen go for the money?

Participants may find it helpful to have more discussion focused on understanding APR.
Handout: **Comparing interest rates**

The best way to compare interest rates on loans and credit cards is by comparing the APRs.
- APR stands for Annual Percentage Rate.
- The APR shows the amount of interest you will pay yearly (not monthly) and includes other costs and charges involved in the loan.
- The APR figure combines all these costs and the interest rate and takes account of the length of your loan and shows you an approximate annual interest rate for that loan or credit card.
- APR figures are the best way to compare interest rates but they are not perfect. Basically the lower the APR, the better it is!
- Watch out for different APRs after an introductory offer has finished, or different APRs for different types of transactions.

Note: a fixed rate of interest will not change, check if the loan product has this.
Note: a variable rate of interest will change, check if the loan product has this.

Handout: **You pay to borrow – you are paid to save!**

When you think about borrowing money to buy something or buying something on credit, think about the following things:
- Do I need this product? Is it worth the amount I need to pay for it after I have got credit?
- Can I get it cheaper somewhere else?
- Do I already have savings I can buy it with? It will cost more for you to borrow than if you will lose if you use all your savings.
- Have I done a budget? Do I have money left over I could save or pay back a loan with?
- How much do I really need to borrow?
- What are the monthly payments – can I afford them?
- How long will I have to pay for – can I cope with a 10 year loan?
- Do I need insurance? Could I get it cheaper somewhere else? is it included in the monthly cost?
- How much will I pay in total?
- Will I be able to afford it if the interest rates go up?
- Could I get it cheaper somewhere else?
Handout: Things to remember when borrowing

- Remember it costs more to borrow but pays to save.
- Shop around! Collect leaflets about the credit you’re interested in and compare.
- Make sure the credit you apply for suits your needs.
- If you are unsure, always remember you can take time to think about it.
- Ask yourself if you really need the product before you look into borrowing.
- Check that you can make the monthly payments.
- Read the small print! Watch out for any strict conditions.
- Ask yourself if you already have savings you could use, rather than borrowing.
- If you need help with debt, call your local CAB.
- Be aware of credit cards claiming 0% APR.
- Ask yourself if you can buy the product cheaper elsewhere.
- Shop around! Compare APR to get the best deal for yourself.

Suggested exercise for:

Budgeting to repay a loan

Patrick and Karen decide they want to borrow money from the local credit union to pay for their car. The credit union will give them a loan without them having to save first, on the condition that they meet with their money advisor based in their offices.

They sit down with the money advisor and talk about how they will repay the loan, and their current budget.

Repaying the £1000 loan at 12.6% APR in £20 weekly instalments would take them just over a year and cost them £63.78 in interest over that time.

Patrick tells the money advisor that:
- £250 comes into the household every week in wages and benefits.
- Rent costs them £300 a month, Council Tax costs them £90 a month.
- They pay £25 a week on utilities (like gas, water and electricity).
- They have a TV and pay £11.29 a month for the licence.
- Their current loan with the home credit company costs them £15 per week.

Ask your group to:
- Use a budget sheet to work out how much other money, for clothes, leisure and other household goods they have left if they take on the loan.
- Ask them if they know how much it would cost them to borrow the same amount of money from a typical home credit company and repay it over a year, in terms of amount per week and total amount (they are very unlikely to know this – the actual cost should come as a surprise to them).
- NB For a home credit company lending at 183.2% APR, the weekly cost of repayment of a £1000 loan over 56 weeks would be £30. The total cost of the loan would be £1680.
### iii. Lesson plan

<table>
<thead>
<tr>
<th>Theme/Objectives</th>
<th>Activity</th>
<th>Resources</th>
<th>Time</th>
</tr>
</thead>
</table>
| Welcome and warm up                                   | • Ask participants what would they buy, or what would they do, if they won £1,000, £10,000, £100,000 or £1m on the lottery.  
• Ask participants what was the last thing they borrowed money to buy.  
• Ask participants if they have ever borrowed money to buy something and wished they hadn’t. | -  | 10 mins |
| **Theme: Reasons for borrowing**                      | **Objective:** Participants should understand that:  
• Borrowing can be a way of helping them manage their money when making big purchases.*  
• Discussions  
  – How people acquire things.  
  – Why people borrow for short, medium and long term reasons. | Handout within Guide. | 15 mins |
| **Theme: Different sources of borrowing**             | **Objective:** Participants should understand that:  
• There are different sources available if they wish to borrow money, some ways of borrowing are more expensive than others.  
• They may be able to borrow money even when out of work.*  
• Discussions  
  – Where credit is available.  
  – Different types of credit for example, overdrafts, credit cards or door step lenders.  
  – The pros and cons of these different types of credit. | Leaflets relating to loan offers, credit cards from variety of providers (include home credit, catalogue and local CDFI/Credit Unions).  
Handout in Guide. | 20 mins |
| **Theme: Cost of borrowing**                          | **Objective:** Participants should understand that:  
• Borrowing costs money, whilst saving earns money. *  
• Some interest rates may vary over time.*  
• Discussions – How do you compare interest rates? | Handout in Guide. | 30 mins |
| **Theme: Risks and responsibilities when borrowing** | **Objective:** Participants should understand that:  
• They will have both regular and unpredictable sources of money.*  
• Their own ability to repay a loan may vary over time.  
• There are consequences if they fail to repay loans.  
• Discussions – What could impact on ability to manage borrowing; what might lead to being ‘overindebted’?  
• Brainstorm the potential implications of being ‘overindebted’ covering:  
  – Financial impact  
  – Emotional impact  
  – Family impact  
  – Wider impact | -  | 15 mins |
### Lesson plan

<table>
<thead>
<tr>
<th>Theme/Objectives</th>
<th>Activity</th>
<th>Resources</th>
<th>Time</th>
</tr>
</thead>
</table>
| **Theme: Capacity building**  
**Objective:** Participants should be able to:  
• Compare the advantages and disadvantages of different ways of borrowing and different loan products.  
• Pair/Group Exercise – Ask participants to complete the grid comparing different ways of borrowing.  
• Pair/Group Exercise – Choosing Source of Credit Case Study. |  | Handout in Guide. | 20 mins |
| **Theme: Capacity building**  
**Objectives:** Participants should be able to:  
• Draw up a budget which includes money set aside for repaying loans.  
• Work out how long it might take them to repay a particular amount of money, and how much they will pay to borrow that amount.  
• Pair/Group Exercise – Budgeting to Repay a Loan Case Study. |  | Budgeting exercise in guide.  
Blank budgeting sheets. | 20 mins |
| **Wrap up** |  |  | 5 mins |
|  | • Summarise discussion.  
• Set preparation task for following session. |  |  |

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Toynbee Hall  
SAFE  
NATIONAL HOUSING FEDERATION
Chapter five: Understanding the benefit system

Benefits are the main source of income for many social housing tenants. All too often, however, they do not claim all the benefits and tax credits to which they are entitled. Much of the blame for underclaiming can be laid at the door of a complex benefits system, or placed on the difficulties that people, with sometimes erratic lives and variable patterns of employment, can have in understanding that their entitlements have changed.

Underclaiming benefit entitlement can reduce tenants’ incomes to the point at which it affects their ability to meet even their most basic needs. Critically, it can affect their ability to pay their rent, thereby placing their tenancy at risk.

The aim of this chapter is not to seek to turn participants into benefit experts but to:

- Give them a clear overall view of the benefit system and key benefits they might claim.
- Put tenants in a position in which they know enough about the system to seek advice and support if they believe they are underclaiming, or when their circumstances change.

Participants should understand that:
- The benefit system exists to support them at times in their lives when they need extra financial help.
- Different agencies have responsibilities for different parts of the system.
- What is involved in the process of claiming.
- Where they can go locally for help and free and independent advice.
- The range of benefits that exist.
- The triggers for claiming different types of benefits e.g. losing your job.
- The potential impact on their benefit entitlement of changes in their circumstances, and who they must inform if their circumstances change.
- How to exercise their right to challenge what they feel are incorrect decisions.

Participants should also be more confident in asserting their rights in making claims and challenging incorrect decisions.

We would recommend that sessions where the focus is solely on benefits issues are delivered only by those with an up to date and comprehensive knowledge of the system. However, some sections, marked within the text, may be useful for those delivering more general financial capability sessions, of which benefits issues form a part.

If neither you, nor any one else within your organisation has the necessary expertise to deliver a session focused on welfare rights issues, we recommend that you act as host to a session delivered by another local agency. This will have the added benefit of introducing participants to an agency that may further assist them in the future.

Involving staff from Job Centre Plus, the Pension Service, or other relevant government organisations may also help to get across the point to participants that those working within the benefits system are human beings, and do have their interests at heart.
ii. Exercises

Getting started: suggested warm-up exercise

- Ask the participants to call out words that they associate with the benefits system and write them on a flip chart, there may be a pattern of positive and negative words.
- Ask the group if they have ever claimed a benefit, or if they know people who have claimed a benefit, and what the experience was like.
- Ask the group if they have ever got help or advice on benefits, and how useful they found it.

Covering the key messages

The benefit system and its different parts
(This section can be delivered without technical expertise)

Participants need to have a sense of the system as a whole, what it is there for, and that, although the system is complex, it is possible for them to get a basic grasp of it. More importantly, it will help to build their confidence through the realisation that the system is there to work for them, and that at some point in their lives everyone will make use of it.

During this session you must introduce the fact that different agencies pay different benefits and that there is not one unified benefit authority. This is important as claimants often wrongly believe that by informing one agency of a change in their circumstances, all other agencies are automatically notified. It should be stressed to participants that they have a duty to inform all the relevant authorities of changes in their circumstances in order to prevent overpayments, or access increases in entitlement.

Suggested discussion topics

Ask participants:
- Why don’t people always claim benefits that they are entitled to?
- What is the purpose of the benefit system?
- Who is it for?
- Which Government department pays which benefit?

The process of making a claim
(This section can be delivered without technical expertise)

In this section you need to cover the processes of claiming benefits, including:
- Obtaining the claim form.
- Completing the claim form.
- The information that must be provided to make a claim.
- The expected length of time it might take to get the claim processed, both the expected ‘statutory time’ and the time resulting from any local slowness in processing.

One of the key things that participants should understand, and that should be constantly highlighted throughout the session, is that different parts of the benefits system do not communicate with each other – relevant changes in circumstances should therefore be reported to each of the organisations.
As part of this section, you need to provide a list of where to get benefit claim forms including local offices and DWP telephone numbers, as well as a list of helpline numbers. You should also provide details of the addresses to which information needs to be sent, this can sometimes differ from the address from which claimants obtain forms.

**Suggested discussion topics/questions:**
- What information do participants need to make a claim – do they think it differs between benefits?
- How easy do participants think is it to obtain the information needed for a claim? What are the reasons behind any difficulties?
- How comfortable do participants feel about providing information like this?

**Suggested exercises**

It is important that participants get used to asking for, and completing, benefit application forms. This may involve them in completing a paper form, or making a claim by telephone or online. By focusing on different types of benefit, different methods of making a claim may be explored.

The following exercises may help:
- Ask participants to go out and obtain claim forms from their local DWP office or local authority.
- Get participants to phone for a form (or role play this).
- Get participants to search for the forms on the internet.
- Get the participants to search for benefit guides on the internet.
- As a tutor have a supply of forms and benefit guides.
- Get participants to complete these forms as part of a role play exercise.
- Get participants to draft letters to the appropriate benefit paying authority to notify them of changes in their circumstances or use role play to notify in person or by phone.

As part of the exercise, ensure that participants are able to:
- Obtain the form.
- Understand how to complete the form.
- Are clear on what information they need, why it is required and how to obtain this. This should include basic understanding of their wage slip, including what is considered as income, what their tax code is, and the minimum wage.
- Are clear about the importance of keeping documentation and good records (for example information about self employed earnings, wage slips, bank statements, pension slips, benefit award letters.

**NB – Housing Benefit:**

Housing Benefit is likely to be a key benefit for the majority of participants in your sessions, and may therefore be one of the benefits that you focus on in the above exercise.

You may also want to touch on common Housing Benefit problems in this section, e.g. non-dependants income, backdates and the information required for those and overpayments and how they are created.

**Sources of benefit information and advice**

(This section can be delivered without technical expertise)

This section aims to make participants aware that there is expert advice and support available to them if they are unsure about whether they are getting all the benefits that they are due, or if they want to make an appeal. It should also stress that the benefit system is always changing, and so it is always worth going to an expert to have entitlements checked.
Further Resources
There are many on line guides to claiming benefits. As an initial starting place, you may find the Department of Work and Pensions Website helpful. The website www.rightsnet.org.uk also lists many useful resources and further websites under its swapshop page.

Suggested exercise:
• Get participants to look up advice agencies in their area and draw up a list – remind them that the Housing Organisation is also a source of help and advice.
• Get participants to research internet and library resources.
• Draw up a class resource list.

Benefits available, benefit triggers and changes of circumstances
(This section can be delivered without technical expertise)
Participants will find the breaking down of the system into benefit families helpful. Simply describing the conditions of entitlement to benefits can be quite monotonous so we suggest that you use the section on benefit triggers to discuss each of these areas. An expanded alphabetical list of benefits is at the end of this chapter.

Without mechanistically going through each benefit, this part of the session should cover:
• The key benefits that the group are likely to claim.
• Who can claim them.
• The potential triggers for claiming including benefits which overlap or interlink for example those which if awarded might also trigger an award of Pension Credit/Income Support/Carers Allowance or Housing Benefit.
• Barriers there may be to claiming each benefit.

Sickness and Disability
Statutory Sick Pay
Incapacity Benefit
Disability Living Allowance/Attendance Allowance
Industrial Injuries Benefit
Health Ben Cert
Carers Allowance
Income Support

Age Related
Retirement Pension
Pension Credit
Attendance Allowance

In/Out of Work
Job Seekers Allowance
Working Tax Credit

Housing Related
Housing Benefit
Council Tax Benefit
Discretionary Housing Payment
Income Support/Job Seekers Allowance

Social Fund
Crisis Loans
Budgeting Loans
Community Care Grant

Bereavement
Funeral Payment
Bereavement Payment
Bereavement Allowance
Income Support

Children
Child Tax Credit
Child Benefit
Sure Start Maternity Grant
Guardian’s Allowance
Income Support

(NB: This list will need to be reviewed as benefits change and are removed or replaced).
Benefit triggers

This part of the session aims to get people thinking about what might entitle them to make a new claim for benefit. Using the idea of benefit ‘families’ when focusing on triggers helps make the point that an award of one benefit may be a passport to another.

Some suggested benefit triggers for each area for the session to focus on are listed below:

**Sickness, Disability & Caring**
- Being unable to work due to ill health.
- Having an accident or illness brought on by working.
- Experiencing longer term health problems that affect day to day life such as basic personal care or going outside is difficult due to physical or mental health problems.
- Being responsible for the health, care and development needs of children with health problems.
- Providing care for someone who is unwell.
- Having low level of income due to ill health or caring responsibility.
- Links to Housing related benefits.
- Links to Social Fund.

**Age Related**
- Reaching state pension age.
- Turning 60.
- Being on low incomes.
- Links to Sickness, Disability and Caring benefits.
- Links to Housing Related benefits.
- Links to Social Fund.

**In/Out of Work**
- Becoming unemployed and seeking work.
- Entering full time low paid employment (dependant on claimant age and personal circumstances).
- Links to Housing Related benefits.
- Links to Social Fund.

**Housing Related**
- Low income may trigger support for housing or council tax costs.
- Health issues may trigger exemptions for council tax payments.
- Help with mortgage interest or service charges if unemployed.
- Links with all other benefits.

**Social Fund**
- Financial emergency.
- Purchase and replacement of household items.
- Moving home.
- Resettling in the community.
- Visiting someone who is unwell.

**Bereavement**
- The person's spouse dies.
- Financial responsibility for a funeral.
- Low income due to a financial change.
- Links with housing related benefits.
- Links with Social Fund.

**Children**
- Pregnancy.
- Birth of child.
- Becoming responsible for a child.
- Low income.
- Links to housing related benefits.
- Links to disability related benefits.
- Links to Social Fund.

**Other Areas**
Depending on the participants you may also want to touch on other benefits. For example:
- Benefits and financial help for students
- Charitable grants
- Educational Maintenance Allowance
- Clothing grants
- Health Benefits Certificate
- Child Trust Fund
- Blue Badge Scheme
Changes of circumstances
Participants also need to be aware that if they are already claiming a benefit, changes in their circumstances might alter their entitlement, and they will be required to inform people of their change in circumstances.

Participants should be aware of the potential for changes in circumstances to impact on their entitlement. Examples of areas of potential changes are:
• Family structure
• Health
• Address
• Income & capital
• Other benefit awards
• Change in employment status
• Becoming a carer
• Rent increase
• Going to prison

Suggested exercises

Changes in Circumstances
Ask participants how some of changes in some of the factors listed above might affect them in terms of:
• Increased benefit entitlement
• Decreased benefit entitlement
• Over and under payments, and the consequences of both.

You may also wish to discuss with them the possible implications if they are found to have defrauded the benefits system.

Again you may also want to focus on Housing Benefit as part of this discussion.

Benefit Myths
A useful way of kicking off this part of the session might be to have a short warm up exercise focusing on specific benefits and ‘benefit myths’. This will focus the participants’ minds on the particular benefits you want to highlight and also help you to dispel commonly held beliefs about certain benefits.

You might want to use:
• A multiple choice quiz
• True or false questions.

You might also think about structuring this bit of the session in the form of ‘Who Wants to Be a Millionaire’ or another popular quiz programme.

You could then run a similar quiz after the session to see if participants’ knowledge has improved.

Some Suggestions for True or False Questions:

True or False?
• You have to be in a wheelchair to get mobility allowance? (F)
• You have to be in receipt of a benefit to get Housing Benefit (F)
• You can only get a Community care grant if you are leaving care (F)
• You can only get a Maternity Grant if you are on Income Support or Jobseekers Allowance (F)
• You can only get a Funeral Payment if you are on Income Support (F)
• You need to be under pension age to get a Bereavement Payment (T)
• You have to pay back a Budgeting Loan (T)
• Child Tax Credit stops if your income is too high (T)
• DLA can continue to be paid after pension age (T)
• You need to be in receipt of Housing or Council Tax benefit to claim a Discretionary Housing Payment (T)

You may want to raise some discussion questions here that are open to interpretation.
• If your boyfriend stays with you overnight are you considered to be a couple?
• If someone uses your home as a safe address for mail Housing Benefit can they be treated as living there?
• If you are given a large sum of money (such as a bingo win) and you spend it on things for the home, can it be treated as capital?
• If you live in the same house but do not sleep in the same bedroom can you be treated as a couple?

Case study exercise: What benefits might these people be able to claim?

Case study one
A man walks into the housing office to state that he cannot pay his rent this month as his father has died and he has to pay for the funeral. This would not normally be a problem but he has been off work sick since falling at work and damaging his knee, and he has been waiting for an operation for the past 5 months.

Case study two
A single woman is pregnant and due to have her first child in the next 10 weeks. She is currently working. She does not intend to go back to work after she has had the child as she also has to look after her 66 year old mother who has arthritis and cannot manage to wash and dress herself. She is worried about how she will pay the rent when her wages stop.

Case study three
A girl of 18 who is on JSA has to leave her mother’s home as she has fallen out with her step-father. She has just got her first tenancy.

Case study four
A 67 year old woman has recently been bereaved. She now lives alone and has never claimed benefits before apart from a state pension as her late husband had a good occupation pension and they were reluctant to claim any state benefits. She has a chronic heart problem and respiratory problems which mean that a member of her family is with her during the day.

Case study five
A single mother with a child of six is considering getting a job in a care home. Both full time and part time options might be available. She is thinking about the support she might be able to get if she takes up either option.

You can liven up case studies by:
• Using figures from popular culture such as soap operas.
• Asking the participants themselves to make up a fictional character and ask another participant for a benefit health check.
Tenancy timeline exercise
To get across the messages about change of circumstances:

• Move the case studies on a few weeks, month or a year – and ask what changes might have happened in that time.
• Get participants to review their past year and highlight what they think were their personal changes in circumstance.

You can adapt the tenancy timeline exercise from the budgeting chapter. Get participants to draw up a timeline covering the period of their tenancy, and mark on the timeline things that they think might or will happen in their lives. Ask them which of these life changes might trigger entitlement to benefits, or might reduce their entitlement.

Challenging decisions
(This section should only be delivered by a tutor with in-depth knowledge of the benefits system)

To make an effective challenge to a benefit decision, whether they do so themselves, or whether they seek support from others, participants need to understand that benefit decisions can be mistaken, and need to have the confidence to take action and/or seek support when they think that they have been the victim of an incorrect decision.

Participants may find it difficult to recognise when a decision is wrong particularly if it relates to the interpretation of the law by the DWP, HMRC or Local Authorities. Many people are nervous about the mere idea of appeals. If they have never experienced a tribunal before, just mentioning the term can dissuade them from even thinking about further action.

The key messages to get across to participants are that:

• People can contest a decision that they think is wrong.
• Benefit authorities do make mistakes.
• Most decisions must be challenged within 28 days of them receiving notification of the decision.
• They should seek help as soon as possible if they want to challenge a decision and are not sure how to proceed.

Levels of understanding within the group
It is critical that work on this issue is closely tailored to the level of understanding of the group. We would suggest that participants at different levels may most appropriately respond as follows:

• Basic level – where participants would be unable to identify when a decision was wrong, they should be encouraged to seek advice as soon as any negative decisions are received
• Intermediate level – where participants may be able to identify an incorrect decision but are unable to take the next step of beginning an appeal, they should be encouraged to seek advice as soon as they receive a decision they perceive as incorrect.
• Higher level – where participants are able to identify an incorrect decision and submit an appeal letter themselves, they should be encouraged to seek support with that appeal letter, or after a further refusal. Whatever someone’s level of understanding, they should always be encouraged to seek advice after the first stage of review/appeal as more specialist knowledge may be required to progress the appeal.
Issues and terms to cover

Your initial focus should be on demystifying the appeals process, and the meaning of some of the terminology involved. Key terms requiring explanation include:

- Statement of reasons
- Review
- Appeal/Supersession
- Tribunal

You will need to cover:

- Where to go for help.
- What to do if help cannot be obtained within 28 days e.g. contacting the relevant authority and asking for an extension of time or statement of reasons.
- Encouraging participants to challenge incorrect decision that are up to 13 months old.
- Identifying when a decision is wrong.
- How appeals are made, for example what information should be on an appeal letter and where to obtain and send appropriate appeal forms.
- The next steps, including seeking further advice, gathering evidence, and appeal tribunals.

You will find it useful to highlight to participants the most common decisions that are appealed such as:

- Being found fit for work
- Not being awarded Disability Living Allowance/Attendance Allowance or not getting a high enough rate of these benefits
- Being refused a Community Care Grant (CCG) as the claimant does not fall into one of the qualifying groups
- Being refused items on a CCG as they are not deemed to be high enough priority
- Being overpaid benefit
- Having a benefit sanction (for example because the DWP state you left a job voluntarily)
- Not being awarded a backdate when you believe there is a valid reason why the claim should be backdated.

Suggested exercises for covering the key messages

- Use appropriate case studies to get participants to draw up an appeal letter/letters that clearly state the following:
  - The persons name and national insurance number.
  - The person's address and date of birth.
  - The benefit that they are appealing.
  - The date that decision was made on their claim.
  - The reason that they think the decision is wrong.
- Discuss with the class examples of where they have been refused benefit and what they have done.
- Perhaps have the class draw up a pack of standard appeal letters for a range of benefits/problems.

Some general suggestions for more in-depth work

Participants may be keen to do further work to build their confidence and extend their experience and skills by putting what they have learnt into practice. You can:

1. Review the issues raised at the beginning of the course – discuss with participants whether they would now deal with these any differently.
2. Assist participants in drawing up community newsletters (perhaps as part of a Housing Association newsletter) which highlight benefits issues, encourage others to claim and celebrate any successes.
3. Arrange for some job shadowing, this could be at an advice agency or CAB or even at the local DWP or Housing Benefit office or Housing Association.

4. For those that are interested, CAB and advice agencies are often looking for volunteers, this will not only provide the participants with something to aim towards in completion of this course but also give them access to further training.

5. Ask to observe at the local tribunal hearings.

6. The Housing Provider could promote a scheme of community champions who provide advice to the local community (again on a voluntary basis). If the Housing Provider already has an advice section then the community champions could be the front line volunteer advisers with the advice section providing support and casework services for more complicated cases.

**Alphabetical list of benefits**

- Attendance Allowance
- Bereavement Allowance
- Bereavement Payment
- Budgeting Loans
- Carer’s Allowance
- Child Benefit
- Child Tax Credit
- Cold Weather Payments
- Community Care Grants
- Council Tax Benefit
- Crisis Loans
- Disability Living Allowance
- Education Maintenance Allowance
- Funeral Expenses Payment
- Guardian’s Allowance
- Housing Benefit
- Incapacity Benefit
- Income Support
- Industrial Injuries Benefits
- Jobseeker’s Allowance – contribution based
- Jobseeker’s Allowance – income based
- Maternity Allowance
- National Health Service Benefits
- Pension Credit
- Retirement Pension
- Social Fund
- Statutory Adoption Pay
- Statutory Maternity Pay
- Statutory Paternity Pay
- Statutory Sick Pay
- Sure Start Maternity Grant
- War Pensions
- Widowed Parents Allowance
- Working Tax Credit
### iii. Lesson plan

<table>
<thead>
<tr>
<th>Theme/Objectives</th>
<th>Activity</th>
<th>Resources</th>
<th>Time</th>
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| **Warm up exercise** | • Ask the participants to call out words that they associate with the benefits system and write them on a flip chart, there may be a pattern of positive and negative words.  
• Ask the group if they have ever got help or advice on benefits, and how useful they found it. | | 10 mins |
| Objective: **Participants should understand that:** | • Discussions  
– What is the purpose of the benefit system?  
– Who is it for?  
– Which Government department pays which benefit? | Housing benefit (HB) form.  
Housing benefit guide.  
Create handout of potential HB problems. | 15 mins |
| Objective: **Participants should understand:** | • Discussions — Information is required to make an application — and any issues in obtaining or providing it.  
• Pair/Group Exercise — Get participants to complete a Housing Benefit form using case study information.  
• Tutor Input — Potential Problems with Housing Benefit. | | 30 mins |
| Objective: **Participants should understand:** | • Pair/Group Exercise — Benefit Myths.  
• Tutor Input — Introduction of idea of benefit families.  
• Tutor Input — Benefit Triggers.  
• Tutor Input — Changes in circumstances.  
• Pair/Group Exercise — Allocate each pair/group two case studies to discuss as appropriate.  
• Pair/Group Exercise — Tenancy Timeline. | Create handouts on:  
— Benefit myths  
— Benefit families.  
— Case Studies.  
Benefit Leaflets and Guides from DWP. | 1hr 15mins |
| Objective: **Participants should understand:** | • Tutor input — Common grounds to appeal benefit decisions.  
• Discussion — Local sources of advice on benefits. | Leaflets/list relating to local sources of advice. | 15 mins |
| **Wrap up** | • Summarise discussion.  
• Set preparation task for following session. | | 5 mins |
Chapter six: Building social landlords’ engagement in financial inclusion and capability activity

Introduction
This chapter has a different focus from the other parts of the guide. It is aimed at supporting you in the strategic and developmental part of your role, as an advocate or champion for financial capability and financial inclusion, dealing with social landlord colleagues or partners whom you need to convince to begin or expand their engagement in the field.

The following are four key messages to be communicated to social landlords when they are thinking about financial inclusion and capability:

• Financial exclusion and poverty will have a major impact on a high proportion of their tenants.
• Taking action on these issues can deliver business benefits.
• They can play specific roles in partnerships tackling these issues.
• There is now a broad movement of social landlords engaged in tackling financial exclusion, and a considerable body of best practice in the field.

You may find this chapter helpful in delivering a training/planning session, in writing board or committee reports, or developing financial inclusion strategies.

Before You Start
Here are some quick general principles to guide your session planning:

• Be clear about what you are trying to achieve. Are you seeking to train, or raise awareness amongst staff, are you seeking backing for specific project, or are you starting a process of building a partnership or a strategic approach?

• Your audience will have different levels of knowledge of, interest in and commitment to financial inclusion and capability:
  • Don’t assume knowledge, but expect to be challenged.
  • Some senior managers may take the view that social landlords should just concentrate on delivering basic housing services, others will be keen to see their organisation play as wide a role in their communities as possible.
  • Some housing officers will have been referring people to a local money advice project for years, others will not see that as part of their role.
  • Make sure you fully acknowledge the current efforts of your audience/participants and tap into their existing positivity. If a committee member or senior manager is keen on community regeneration, draw links between financial inclusion and capability and other possible initiatives, e.g. on employment. Give front line staff the opportunity to talk about ways in which they are already aware of the issues, and how they already deal with it.
• Identify the triggers for the interest of your partners/colleagues in this issue. For example, if they are concerned by their rent arrears, make this a focus of what you deliver. Different audiences/groups of participants will have specific issues on which they are likely to want to focus.

• Appropriate tailoring of your messages may involve varying the emphasis of what you cover, rather than missing out certain messages. A senior manager still needs a grasp of what promoting financial inclusion might mean for their staff, a front line housing officer still needs to know why their organisation is committed to tackling financial exclusion and poverty.

• Focus on the practical and on the local situation that your partners and colleagues face. You may need to use some national statistics and some theory, but put more emphasis on statistics relating to their tenants, and practical case studies illustrating the impact of financial exclusion on tenants.

• Build on your own experience. You will communicate with more enthusiasm and credibility about work you have done yourself.

**Introducing a session on financial inclusion and capability**

Use an ice breaker exercise to make relevant points about financial inclusion. For example, a question about personal use of on-line banking can be used to make points about links between digital and financial exclusion, a question about age at taking up a first bank account can be used to make the point that many tenants still don’t have access to an account.

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**Key Message 1: Financial exclusion and poverty are issues which have a major impact on very many social housing tenants.**

Financial inclusion, financial exclusion and financial capability are terms which can be confusing. You will need to provide your participants/audience with a clear definition of what financial inclusion/exclusion and financial capability are.

**You may find the following definitions helpful:**

• ‘Financial exclusion’ refers to the difficulty that many people have in accessing or using mainstream financial services such as bank accounts, savings, loans, insurance and other products. It is a cause of poverty; people on low incomes pay a poverty premium, i.e. more for basic financial and other services because they are financially excluded; and a symptom of poverty; mainstream financial institutions do not seek people in poverty as customers.

• ‘Financial capability’ is an aspect of financial inclusion. It refers to the knowledge, skills, and motivation that people have to understand and take action relating to their own financial circumstances. Being financially capable means being able to make ends meet, keep track of your finances, plan ahead financially, choose appropriate financial products, and stay informed about financial matters.

**Your audience/participants should understand that:**

• A high proportion of social housing tenants are financially excluded.

• Social housing tenants generally have much lower incomes than those who own their own homes.
• Social housing tenants are often paying out too much to receive financial services, in particular borrowing from highly expensive sources such as home credit, or may not be able to pay for services such as utilities by cheaper methods like direct debit.

• Poverty and financial exclusion have serious impacts on the lives of tenants.

**Tips for getting across this message**

You may find the following 2007 figures from the National Housing Federation helpful in relation to financial inclusion and poverty amongst social housing tenants:

• 60% of those who are financially excluded are estimated to be social rented tenants.

• 16% of social rented tenants have no bank account, twice as high a proportion as the rest of the population.

• 81% have no savings account, and 91% have no insurance cover.

• 3 million people borrow at 164% APR and more from the home credit industry – 70% of these are social renters.

• Social landlords themselves should hold lots of relevant information relating to financial inclusion that you can use to make your case:
  • The number of their tenants who pay by cash/direct debit/standing order.
  • The number of tenants who have their rent wholly or partially paid by housing benefit.
  • The income of their tenants (questions on this are often asked in tenant satisfaction surveys.)
  • The number of tenants taking up insurance with rent schemes.

• Visual props such as leaflets from home credit companies which mention their rates of interest of 150%+ can illustrate the concept of the poverty premium.

• Local authorities/regeneration partnerships and tenant satisfaction surveys will provide statistics on the levels of disadvantage within communities – e.g. on poverty, family breakdown and employment. This can help illustrate the extent to which poverty, financial exclusion and social exclusion issues affecting social landlords are intertwined.
Key Message 2: Taking action on financial inclusion and poverty can deliver business benefits for a social landlord

Financial inclusion work can help social landlords become more cost efficient.

- Rent arrears are generally associated with a household having wider debts.
- Court actions and evictions, the vast majority of which are on the grounds of rent arrears, are expensive for landlords.
- Tenancy abandonment is also expensive for landlords because of void costs. It is often associated with financial stress, and abandoning tenants often leave behind arrears that risk turning into uncollectable debt.
- Dealing with tenants in crisis is much more time consuming than early intervention.

It can also assist improvements in their organisational effectiveness:

- Social landlords constantly deal with the wider consequences of poverty in the communities they serve.
- Frontline staff can be demoralised by conflict with tenants, and constantly dealing with them in crisis. Financial inclusion interventions can assist staff to become more effective, increase their skills, and broaden their perception of what they can achieve in their role, improving recruitment and retention.
- Developing financial inclusion work can be an appropriate hook for, and impetus to, efforts to improve responses to arrears, evictions and tenancy turnover.
- It can support the delivery of related initiatives to increase employability, enterprise development and tenant participation.

- Involvement in financial inclusion initiatives can help social landlords demonstrate the added value that they provide for their tenants to those in control of development funding.

Tips for getting across this message

- Highlight where your partners/organisation’s current business plan provides any useful drivers or links to financial inclusion work.
- Use their own statistics in relation to rent arrears, evictions and court actions, tenancy turnover, abandonments and avoidable tenancy breakdown, particularly focusing on any areas for action suggested by the business plan.
- Comparison of these figures with national averages can help them understand how they are performing against the rest of their sector. Information on national averages in housing management performance is available at www.housingpis.co.uk for housing associations, and www.bvpi.gov.uk for other social landlords.
- You may also find the following statistics useful:
  - 2006 research from Community Finance Solutions reported in ‘Reaping the Benefits’ suggests that every eviction costs a social landlord £6,000.
  - Research carried out for Glasgow Housing Association in 2005 suggests that every tenancy that breaks down costs the organisation over £1,300, not accounting for staff time. The same research suggested that tenants accessing housing from the waiting list are as likely to see their tenancy fail as those coming through the homelessness system.
CRISIS research gives a number of different scenarios for homelessness, and estimates the resulting cost to the public purse. The costs resulting from homelessness due to eviction because of arrears may be as high as £9,000 per year, with the potential for higher expenses in the longer term if housing problems are not resolved.

Based on these figures, a £10,000 investment by a social landlord in a financial inclusion initiative needs to stop 2 evictions, or 7/8 tenancy breakdowns for it to pay for itself.

Be careful not to claim that business gains of any given level will automatically follow from particular financial inclusion activities.

However, you can state that:
- Best practice guidance from the DCLG and Housing Corporation stresses the importance of early intervention and action on financial exclusion and poverty to tackling rent arrears effectively.
- There is growing case study information (you may have some yourself) illustrating that business impacts do result from coherent attempts to tackle financial exclusion.
- Highlight that social landlords have the management information to work out their financial ‘break even’ point for investing in financial inclusion.
Key Message 3: Social landlords can play a number of specific roles in partnerships’ tackling of financial exclusion and poverty

The key message above suggests that there are business and organisational reasons for social landlords to contribute to promoting financial inclusion by funding projects and services. However, purely thinking about social landlords as funders is problematic because:

- It may act as a barrier to engagement for those concerned about the extent of their potential financial contribution.
- It ignores the other assets that social landlords can use to play other roles alongside partners in the promotion of financial inclusion.

Social landlords are often described as ‘trusted intermediaries’. This status is built on the nature of their relationship with tenants, and the management information they hold. It allows them to develop a whole organisation response aimed at reaching those tenants most at risk of experiencing financial exclusion and its consequences.

Most simply, social landlords can use the tenant contact information they hold to promote financial inclusion services through newsletters, mailshots etc. More detailed information in relation to age and support needs can help more targeted promotion.

Given that people are often reluctant to seek help for debt problems until they reach crisis point, social landlords will, through rent accounts, generally know before any other public agency that a tenant is experiencing financial difficulties. Building effective arrears response procedures which link tenants to financial inclusion services enables social landlords to be an effective first line of defence for their tenants against problematic debt.

Social landlords have numerous opportunities for face to face interaction with tenants, often at key points in their housing careers. For example, by implementing effective sign-up and new tenant visit procedures, they can ensure the wide communication of messages about financial inclusion, and, particularly in the latter case, the identification and appropriate referral of those in need of support or advice.

Many social landlords are involved in a variety of activities that go beyond housing management, investment and development. Activities as diverse as providing support to vulnerable young tenants, and delivering training and employment programmes, provide ideal opportunities for the delivery of financial inclusion and capability interventions, and will in turn benefit from such linkages.

Social landlords are often the largest and most stable social enterprises in the area that they serve. Where they have this role as a ‘community anchor’, or where other agencies have not sought to take forward the financial inclusion agenda, social landlords can take up a central role, driving projects and partnerships, and/or hosting projects and partnership development staff.

In other situations, the main requirement of social landlords will be that they are open to approaches from partners working to promote financial inclusion, and prepared to use their organisational strengths to support them.

Working in partnership enables social landlords to:

- Spread the financial and organisational burden of delivery amongst the range of agencies with a responsibility for promoting financial inclusion.
• Benefit from the expertise of partner organisations. Social landlords are primarily experts in the delivery of social housing. Other agencies; local authorities, banks, third sector lenders and advice agencies; are experts in financial inclusion.
• Focus on what they are good at, particularly playing the role of a trusted intermediary, making the link for tenants to financial inclusion.
• Fulfil their duty to work with LAs in the delivery of their ‘place making role’.
• Implement best practice in particular aspects of financial inclusion work, for example supporting the delivery of loans products through an experienced third sector lender such as a credit union or CDFI rather than seeking to provide their own branded product.

**Tips for getting across this message**

• NB: Understanding the role of trusted intermediary is particularly important for frontline staff – though beware of using this jargon term.
• Ask participants to think about the different types of written, electronic and face to face communication they have with tenants.
• **Beware: Do not leave frontline staff with the impression that they are expected to become experts in financial inclusion.** Play to their strengths; their awareness of problems facing tenants, and their relationship with them, that help them play a bridging/intermediary role between tenants and services.
• Ask frontline staff to describe the work they already do in identifying and referring people in need of financial inclusion support.
• Tap into the understanding that housing staff have of the problems facing their tenants:
  • Ask staff about things that give them cause for concern about a tenant when they are in their home.
• Ask staff to discuss the information they hold on tenants in relation to events that might trigger financial problems.
• Draw out:
  • The personal frustration that frontline staff feel when they are constantly dealing with complex arrears issues, or are pursuing the same tenants.
  • The disappointment they feel when they see a tenant struggling to cope, and feel unable to help.
• Highlight that intervening early with tenants will save them from this frustration and give them job satisfaction.
• **Beware – some front line staff may suggest that most tenants in debt belong in the ‘can pay, won’t pay’ category. Don’t be dismissive of this experience. Some tenants will be in that category, and acknowledging that is a demonstration that you take an honest view of tenants and your service users.**
• Senior management teams will need to understand the potential contribution of their front line staff to promoting financial inclusion, and give leadership to ensure this role is fully exploited. Many senior managers themselves will have relevant front line experience to contribute.
• Both senior managers and frontline staff will need to consider how current policies and procedures make a contribution to tackling financial exclusion, and how they might need to develop in the future.
• A variety of other agencies may already share housing offices, or use them for surgeries and other outreach work. Ask staff to reflect on how co-location with other services has helped them build partner relationships.
Key Message 4: There is now a broad movement of social landlords engaged in tackling financial exclusion, and a considerable body of best practice in the field

One of the concerns for social landlords in developing their engagement in financial inclusion will be that they are engaging in activity out of their ‘comfort zone’, away from more traditional areas of housing management, investment and development.

Reassurance can be provided in two ways; by highlighting the support that is being given by policy makers within the housing and financial inclusion worlds to this area of work, and the extent to which other social landlords are already engaging in financial inclusion work.

Tips for getting across this message

- You can source quotes, and evidence the interest of both housing and financial inclusion policy makers in the field using the documents at the back of this guide.
- These documents are also an excellent source for case study material to illustrate the variety and extent of existing social landlord engagement.
- You may find the checklist below helpful in giving a real flavour of what a full commitment from a social landlord to promoting financial inclusion might look like. Highlight the interest from other local statutory agencies in supporting financial inclusion or use quotes from local financial inclusion/advice strategies to back up your point.
- Highlight local voluntary/third sector organisations that have an interest in the promotion of financial inclusion and engage those other agencies and organisations in joint strategy development sessions.
- Refer to the funding of your project, or other local projects to highlight that other agencies are prepared to commit resources to this area of work.

Financial inclusion checklist for social landlords*

Social landlords can:

Take a whole organisation, strategic approach by:

- Developing a long term approach based on clear social, business and organisational rationales.
- Looking to engage with other social landlords, and with partners from the statutory, third and private sector in the delivery of their financial inclusion strategy.
- Fully engaging front line housing staff in the delivery of the strategy. This requires staff to be aware of the business importance of tackling financial exclusion and how the issue impacts on tenants. It requires staff to be backed by training, standard protocols and procedures, and up to date knowledge, enabling them to identify tenants struggling financially, and refer them on appropriately.

*Adapted from the recommendations of the Housing Corporation’s report ‘Community Access to Money – Reaping the Benefits’. 
Promote access to welfare rights and money advice by:
- Providing all new tenants with a financial health check to ensure they are claiming the benefits they are due, particularly housing benefit, and identify any money problems.
- Offering all tenants, but particularly those who are vulnerable, access to welfare rights advice.
- Providing all tenants with access to money advice, commissioned by their landlord under a service level agreement with independent advice agencies.

Improve access to financial products by:
- Working with partners from the statutory, third and private sector to identify and respond to gaps in the local provision of financial services.
- Providing financial and promotional support to CDFIs and credit unions offering affordable loans and quality savings products.
- Providing financial and promotional support to CDFIs and credit unions offering micro-loans for small business, or home improvement loans for low income owner occupiers.
- Offering affordable home contents insurance with rent.
- Partnering with banks to improve access to basic banking services.
- Considering linking tenant reward schemes with financial inclusion initiatives to further incentivise positive behaviours.

Improve financial capability by:
- Supporting the development of initiatives to improve tenant financial capability as part of their support to vulnerable tenants, and wider community programmes.

Tackle fuel poverty by:
- Switching homes to the cheapest supplier when a tenancy concludes, and consider the possibility of joining or developing an Energy Club.
Resources for further information

Social landlords and financial inclusion

- **Credit where Credit’s Due: A Report for the National Housing Federation.** Presents a case for social landlords supporting their tenants to access reasonably priced loans, and outlines a model for doing so. Available at [www.housing.org.uk/Uploads/File/Policy%20briefings/CREDIT_WHERE_CREDIT’S_DUE_FINAL_060807.pdf](http://www.housing.org.uk/Uploads/File/Policy%20briefings/CREDIT_WHERE_CREDIT’S_DUE_FINAL_060807.pdf)


- **Life After Debt.** Report arguing the case for greater involvement of the social rented sector in the promotion of financial inclusion, and for more support to enable them to do so, with useful case studies. Available at [www.cih.org/policy/LifeAfterDebt.pdf](http://www.cih.org/policy/LifeAfterDebt.pdf)

- **Financial Inclusion – Good Practice Briefing Number 31.** Free hard copies setting out guidance for social landlords in promoting financial inclusion, available from the Chartered Institute of Housing at [www.cih.org/publications/briefings.htm](http://www.cih.org/publications/briefings.htm)

- **Partnerships for Financial Inclusion: Housing Associations and Financial Institutions.** Examines how social landlords can engage in partnership working to promote financial inclusion. Available at [www.epolitix.com/NR/rdonlyres/15CB2EAF-480C-44BE-8D7B-3BE22AF53ADB/0/chprleaat.pdf](http://www.epolitix.com/NR/rdonlyres/15CB2EAF-480C-44BE-8D7B-3BE22AF53ADB/0/chprleaat.pdf)


- **Win-win – How partnership working delivers the goods for residents, housing associations and furniture re-use organisations.** Free publication outlining the opportunities of social landlords working together with the recycled furniture sector. Advantages include affordable furniture for tenants and excellent value for money for housing associations. This publication by the National Housing Federation and the Furniture Re-use Network is available from [www.housing.org.uk/default.aspx?tabid=288](http://www.housing.org.uk/default.aspx?tabid=288)

Available from April 2008:

- **Financial Inclusion in Social Housing – Policy and Practice Guide.** Comprehensive guide to best practice in social landlords’ engagement in promoting financial inclusion with detailed case studies. Will be available from the National Housing Federation Bookshop at [www.housing.org.uk/OnlineStore/](http://www.housing.org.uk/OnlineStore/)

Social landlords, arrears management and tenancy sustainment

- **Improving the Effectiveness of Rent Arrears Management: Good Practice Guidance.** Highlights the importance of early intervention in tackling rent arrears, touching on the value of advice interventions. Available at [www.communities.gov.uk/publications/housing/improvingeffectiveness](http://www.communities.gov.uk/publications/housing/improvingeffectiveness)

- **Sustainable Communities: Settled Homes, Changing Lives.** Most recent strategy from the Government on homelessness prevention. Available at [www.communities.gov.uk/publications/housing/sustainablecommunitiessettled2](http://www.communities.gov.uk/publications/housing/sustainablecommunitiessettled2)
Government financial inclusion documents and resources

- **Financial Inclusion the Way Forward.** Update by HM Treasury on progress in delivering the UK Government’s financial inclusion strategy. Available at [www.hm-treasury.gov.uk/media/7/B/financial_inclusion030407.pdf](http://www.hm-treasury.gov.uk/media/7/B/financial_inclusion030407.pdf)

- **Promoting Financial Inclusion.** The 2004 Government Strategy for tackling financial exclusion published alongside the 2004 pre budget report. Available at [www.hm-treasury.gov.uk/media/A/0/pbr04_profininc_complete_394.pdf](http://www.hm-treasury.gov.uk/media/A/0/pbr04_profininc_complete_394.pdf)

Other financial inclusion documents


Useful financial inclusion websites

**Representative Bodies/Forums:**

- **Transact.** The national forum for financial inclusion. [www.transact.org.uk](http://www.transact.org.uk)

- **Association of British Credit Unions.** The representative body for credit unions. [www.abcul.org](http://www.abcul.org)

- **Citizens Advice.** The representative body for CABx in England. [www.citizensadvice.org.uk](http://www.citizensadvice.org.uk)

- **Community Development Finance Association.** The representative body for CDFIs. [www.cdfa.org.uk](http://www.cdfa.org.uk)

- **Money Advice Trust.** Representative body for the independent money advice sector. [www.moneyadvicetrust.org](http://www.moneyadvicetrust.org)

**Government bodies/reviews:**


- **Financial Services Authority.** The UK’s financial watchdog set up by government to regulate financial services and protect your rights. [www.fsa.gov.uk](http://www.fsa.gov.uk) and [www.fsa.gov.uk/financial_capability](http://www.fsa.gov.uk/financial_capability)

- **Now Let’s Talk Money.** Information on Government campaign to tackle financial exclusion, with lots of information for service users, and on joint initiatives with social landlords. [www.nowletstalkmoney.com](http://www.nowletstalkmoney.com)

- **Thoresen Review Website.** Up to date information on the Government’s review of how to increase access to financial advice, with a target group which will include many social housing tenants, and shared owners. [www.hm-treasury.gov.uk/independent_reviews/thoresen_review/thoresenreview_index.cfm](http://www.hm-treasury.gov.uk/independent_reviews/thoresen_review/thoresenreview_index.cfm)

- **Treasury Select Committee.** Hard hitting reports relating to financial exclusion. [www.parliament.uk/parliamentary_committees/treasury_committee.cfm](http://www.parliament.uk/parliamentary_committees/treasury_committee.cfm)
APPENDIX

i. Resources for further information

Academic research:
• Liverpool John Moores University Research Unit for Financial Exclusion. www.ljmu.ac.uk/HEA/financialinclusion
• Personal Finance Research Centre at Bristol University. www.pfrc.bris.ac.uk

Funding research:
• The Transact website (www.transact.org.uk) maintains a list of funders and funding opportunities for financial inclusion and financial capability work.
Resources to support delivery

There is an ever-increasing wealth of resources concerning financial capability and financial inclusion. This list does not seek to be comprehensive, but does provide some starting points.

**Basic Skills Agency**
The Basic Skills Agency’s Financial Literacy project provides resources and training for delivering literacy and numeracy in a financial context. Specific resources include the Adult Financial Capability Framework, ‘Colossal Cards’ and ‘Making the most of your money’ pack.

- [www.money-bsa.org.uk](http://www.money-bsa.org.uk)
- [www.basic-skills.co.uk/ouractivities/financialliteracy](http://www.basic-skills.co.uk/ouractivities/financialliteracy)

**BBC**
The BBC produce some useful free resources

- Celebdaq – [www.bbc.co.uk/celebdaq](http://www.bbc.co.uk/celebdaq)

**Child Poverty Action Group (CPAG)**
CPAG handbooks provide reliable, up-to-date guidance for advisers, benefit claimants, local authorities and anyone needing to know about welfare benefits, tax credits and social security. In particular, the Personal Finance Handbook provides a straightforward introduction to the types of financial products and services that are widely available, as well as an introduction to financial planning.

- [www.cpag.org.uk](http://www.cpag.org.uk)

**Citizens Advice Bureau**


**The Financial Literacy Resource Centre**
A comprehensive list of financial education resources mapped to the literacy and/or numeracy core curricula and the Adult Financial Capability Framework, produced by a wide variety of organisations.

- [www.fin-lit-resources.org.uk](http://www.fin-lit-resources.org.uk)

**Financial Services Authority**
The UK’s financial watchdog set up by government to regulate financial services and protect your rights. The FSA provides a huge range of free resources, guides and leaflets across the whole range of financial services and financial capability, as well as information on the National Financial Capability Strategy.

- Moneymadeclear site for consumers – [www.moneymadeclear.fsa.gov.uk](http://www.moneymadeclear.fsa.gov.uk)
NIACE (National Institute for Adult Continuing Education)
NIACE (National Institute of Adult Continuing Education) exists to encourage more and different adults to engage in learning of all kinds. Spondoolies is a forum for all those engaged in financial learning for adults.

- www.niace.org.uk
- www.niace.org.uk/spondoolies

Personal Finance Education Group (pfeg)
pfeg is an educational charity whose mission is to make sure that all young people leaving school have the confidence, skills and knowledge in financial matters to take part fully in society. pfeg offers a range of advice and resources suitable for pupils of all ability.

- www.pfeg.org.uk
Other useful websites

Bank of England  
www.bankofengland.co.uk

British Bankers Association  
www.bba.org.uk

Chartered Institute of Housing  
www.cih.org

Financial Inclusion Taskforce  
www.financialinclusion-taskforce.org.uk

HM Revenue and Customs  
www.hmrc.gov.uk  
www.redbox.gov.uk

HM Treasury  
www.hm-treasury.gov.uk

National Housing Federation  
www.housing.org.uk

Post Office  
www.postoffice.co.uk

SAFE  
www.toynbeehall.org.uk/safe

About SAFE at Toynbee Hall

Toynbee Hall produces practical innovative programmes for young people and families, adults, and older people, to meet the needs of local people, improve conditions and enable communities to fulfil their potential.

Services Against Financial Exclusion (SAFE) is an innovative project of Toynbee Hall’s Adult Advice and Education team that is dedicated to providing practical services to support people on low incomes to manage their money more efficiently. SAFE helps people to access specific financial services, such as bank accounts and savings schemes, as well as providing financial education and debt support. SAFE also develops training and resources to enable other organisations to support their service users.

About the National Housing Federation

The National Housing Federation represents 1300 independent, not-for-profit housing associations in England and is the voice of affordable housing. Collectively, our members provide two million homes and community services for five million people.

The mission of the National Housing Federation is to support and promote the work that housing associations do and campaign for better housing and neighbourhoods.

Our five strategic aims are:

- to create the conditions for our members to flourish
- to ensure housing associations have a strong and positive reputation
- to lead the housing and neighbourhoods policy agenda nationally and locally
- to provide excellent, highly valued organisational and business support for all our customers and their tenants
- to ensure the National Housing Federation is an exemplary organisation and a great place to work
### Glossary

Please note that these abbreviations are to help you navigate this guide and are not necessarily 'official' abbreviations e.g. DP

**Address Verification (AV)**
A document or other token that you can use to prove your address when opening a bank account such as a utility bill or current driving licence.

**Adult Financial Capability Framework (AFCAF)**
Framework developed by the Financial Services Authority and Basic Skills Agency to support the delivery of financial education. Mapped to the Basic Skills Curriculum, it covers a broad range of money management and consumer issues.

**Annual Equivalent Rate (AER)**
The interest you get from a savings account expressed in a standard way that takes into account not just how much you get but when you get it. You can directly compare the AER for one account with the AER for another and the higher the AER, the better the return on offer.

**Annual Percentage Rate (APR)**
The interest you pay on loans and credit expressed in a standard way that takes into account not just how much interest you pay but when you have to pay it and also taking into account other charges (such as any arrangement fee) and when you pay them. You can use it directly to compare one loan or credit card with another. The higher the APR, the more expensive the deal.

**Arms Length Management Organisation (ALMO)**
An Arms Length Management Organisation is a company set up by a local authority to manage and improve all or part of its housing stock. The company is owned by the local authority and operates under the terms of a management agreement between the authority and the ALMO.

**Basic bank account**
Type of current account to help you manage your day-to-day money but with restricted features (such as no cheque book or a special debit card) so that you should not be able to go overdrawn.

**Bank**
An authorised financial institution which offers a range of products to help you manage your money.

**Bonds**
Name given to a wide variety of investments, for example marketable loans to companies (corporate bond), the government (government bond or gilt) or local authorities, some types of investment-type life insurance (such as single-premium bond), some National Savings products (such as fixed-rate savings bonds) and some bank and building society products. There is no common meaning for the term, but often these are products where you would expect to invest a lump sum for the medium term or a shorter, but fixed, period.

**Building Society**
Institutions which have traditionally been ‘mutual’ organisations (owned by their members and having no shareholders to take a slice of any profits). Building societies can now become companies if enough members agree.

**Child trust fund (CTF)**
A scheme under which the Government issues vouchers to be invested for every child born on or after 1 September 2002 to give them an asset at 18 and to encourage savings.

**Citizens Advice Bureau (CAB)**
A network of advice agencies which provide support and advice on a number of topics such as debt advice.
Community Development Financial Institutions (CDFIs)  
Institutions that have been set up to provide loans whilst generating social change. Most CDFIs provide business finance for small businesses and social enterprises. Some CDFIs also provide consumer loans and wider support and advice.

Credit Union (CU)  
A co-operative financial institution owned by its members, which offers low interest loans and promotes savings.

Current Account  
A type of bank account that allows for day-to-day money management.

Department for Work and Pensions (DWP)  
Government department that is responsible for state benefits and state pension.

Direct Debit (DD or DDM)  
A method by which companies can collect regular payments for services from an individual’s bank account electronically. The account holder must authorise the company to do this, so that the bank will allow the payments to be made if there are sufficient funds in the account. If the amount or collection date is to change the company must notify the account holder first.

Direct Payment (DP)  
The payment of benefits and state pensions directly into an account (either bank, building society, credit union or Post Office Card Account).

Financial Services Authority (FSA)  
The UK’s financial watchdog set up by government to regulate financial services and protect your rights.

Housing Association  
Housing associations are independent, not-for-profit social businesses set up to provide affordable homes for people in housing need. There are around 1,500 housing associations in England, providing about two million homes and community services for five million people.

Housing Benefit (HB)  
A state benefit that pays part or all of your rent if your income is low. Due to be replaced in 2008 for people renting privately by a new local housing allowance.

HM Revenue & Customs (HMRC)  
Government department dealing with the assessment and collection of taxes. It also administers some state benefits, in particular tax credits and child benefit.

Identification (ID)  
A document or other token that can be used to prove your name when opening a bank account such as a passport or driving licence.

Income Support (IS)  
A state benefit for people under 60 on a low income who can’t be available for full-time work. Savings over £16,000 usually mean you cannot get Income Support.

Income Tax  
Tax levied on most regular payments you receive, such as earnings, pensions, income from investments, and so on.

Individual Savings Account (ISA)  
A savings scheme whereby you do not pay tax on the gains or income. Offered by many high street financial providers.

Instant Access  
Access to your money without having to give advance notice to the financial institution.
Job Seekers Allowance (JSA)
A state benefit for unemployed people of working age who are capable of working, available for work and actively seeking work.

Local Housing Allowance (LHA)
Local Housing Allowance is the new way of working out Housing benefit for private tenants. LHA is based on rent levels for the area in which a person lives and how many people live with them. Payment will normally be to the tenant, who will then pay the landlord. LHA will be introduced nationally in spring 2008.

On-line banking
Access to your banking through the internet.

Piggy Bank
An old-fashioned method of encouraging children to save by giving them a money pot in the shape of a pig. Sometimes the pig has to be smashed to access the money.

Post Office Card Account (POCA)
An account into which state benefits can be paid as an alternative to arranging for Direct Payment to a bank or building society account. You can withdraw cash from the account at post offices. The account has no other features (for example, no arrangements for paying bills).

Social Fund
Administered by Jobcentre Plus, the Social Fund provides lump sum payments, grants and loans. Loans and Community Care Grants from the Social Fund are discretionary and not for a standard amount. Savings of £500 or more (£1,000 for those aged 60 or over) may affect how much you get. You may be able to get help from the Social Fund for important costs that are hard to pay for out of your regular income.

Standing Order (SO)
A method of paying regular exact amounts automatically. You instruct your bank to pay the money from your account to a particular person or company. It’s your responsibility to change the payment if it needs to alter.

Tax Credits
Government payments that provide extra financial support to supplement other types of income (such as salary or benefits) for groups who meet specific criteria. Eligibility varies with circumstances so it is important to keep HMRC informed of changes in circumstance.

Value Added Tax (VAT)
VAT is charged on the value of supplies of taxable goods and services made in the UK, including some exports to EU countries e.g. cigarettes and alcohol.
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Please note that the information and opinions that have been gathered together in this document to give general guidance on delivering financial capability support. They are believed to be correct and accurate but the National Housing Federation, Toynbee Hall and other organisations participating in the project cannot accept any liability arising from them.