

# Embedding Financial Inclusion in Employability Services

Financial Inclusion Handbook for Employability Advisers



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# Introduction

This guide is for Employability Advisers who are dealing with clients who require support with their personal finances as they return to or try to remain in employment.

Employability Advisers are not expected to become financial inclusion experts and should always refer to specialist Financial Inclusion Advice Services but this handbook has been developed to provide a point of reference for Advisers to increase their:

- understanding of the financial issues their clients may be facing
- awareness of the solutions available to their clients
- confidence in discussing financial inclusion issues and support
- confidence in referring to financial inclusion services

The handbook defines financial inclusion and the areas of support available from financial inclusion services. The handbook also offers some prompts to help Advisers raise financial inclusion issues with clients.

## Note

This guide should not be viewed as legal guidance and whilst every effort is made to ensure the accuracy of the information within, circumstances and legislation may have changed.

All advice should be checked with an appropriately trained financial inclusion Adviser - refer your client for full comprehensive and confidential support to your financial inclusion provider.

# What is financial inclusion?

**Financial Exclusion** is the "range of issues involved in people not accessing the benefit support that they are due, experiencing problematic debt, not accessing mainstream financial services and lacking financial capability".

**Financial Inclusion** is therefore defined as "access for individuals to appropriate financial products and services".

The term financial inclusion today is used to describe the range of money advice and supports services.

In Glasgow, the support that Financial Inclusion services offer are grouped under the following headings.

- Financial capability
- Welfare rights
- Money advice
- Legal
- Housing
- Employment

The rest of this handbook focuses on the first three, giving definitions and offering some prompts and trigger questions to help Advisers to raise the issue of finances with their clients.

The handbook finishes with short definitions of the last three.

# Financial Capability

Financial capability covers information and advice on:

- Budgeting skills and money management.
- How to manage the transition from welfare benefits to employment
- Basic information on welfare benefits supported by a referral for specialist welfare benefits advice where appropriate.
- The benefits of having a bank account; advice on how to effectively operate an account.
- Advice on affordable methods of borrowing money and promoting credit unions
- General advice on avoiding debt and a referral to a Money Adviser where appropriate.

## Starting a discussion about financial capability

Most clients, whether in work or not could benefit from some financial capability support. It's important to offer the support. The following are some prompts which Advisers can use to begin the discussion. From the discussion at the training session, add in others that you think might be useful

- Do you have a bank account/credit union account that wages could be paid into on starting work?
- When you move into employment, have you given any thought of how you will plan or organise your money?
- We have a service that can help you plan your finances, making sure you have all the priorities in place, but also helping you to look at things like savings, holidays, the cheapest deals in things like utilities prices and deals, cheap loans or repairing your credit rating.

From the discussion at the training session, add in other questions that you think might be useful:

### Top Tip

Savings can always be made on family budgets without it impacting badly on the family. **REFER** to your Financial Inclusion Service for budgeting and savings support.

The grid below lists support on offer under the heading of financial capability along with some other useful information to help Advisers to clearly explain support available from Financial Inclusion Services.

<b>Financial Capability</b>	<b>How will this be achieved</b>	<b>Outcomes for the client</b>	<b>How this supports employability</b>
Budgeting	Clients can undertake budgeting modules available through their Financial Inclusion Service	Clients will understand the importance of budgets and how they can construct their own personal budgets	Clients are able to plan their own finances as a result of budgeting module, less risk of financial pitfalls
Banking	Bank account opened, following the bank process map which Financial Inclusion Services use and can undertake a banking module	Client understands how bank account operates and understands the benefits of banking ie standing order and direct debit	Client has an operational account which wages can be paid into.
Savings	Client will undertake savings module and are encouraged to open a credit union account	Client will learn the benefit of regular savings. Develop their savings plans. Client will understand how credit unions operate	Client will develop savings plans which can help in times of financial difficulty
Cost of Credit	Client can undertake credit module available through their Financial Inclusion Service	Client will understand concepts such as APR and how this translates to their own use of credit	Clients will be encouraged to use affordable credit options and avoid excessive credit sources which could threaten future stable employment patterns

# Welfare Rights

Welfare Rights Advice covers:

- Advising clients on their eligibility for welfare benefits and assisting them to apply for these benefits. This includes assisting clients to make an appeal if a benefit application has been declined.
- Conducting better off and back to work calculations to assess the client's financial position in employment compared with welfare benefits.
- Knowledge of the UK welfare benefits system.
- Knowledge of the administrative structure of the UK benefits and tax credits system.
- Knowledge of DWP decision making, revision, super sessions and appeals processes, and to assist clients with these processes.

## Starting a Discussion about Welfare Rights

Whether someone is in work or not, welfare benefits and tax credits are changing a lot over the next few years so ensuring that people are claiming their full entitlements is crucial in maximising their income and supporting them to cope with these changes.

People about to enter work must also have a back to work calculation done and be assisted in applying for tax credits or housing benefit and council tax entitlements.

- Have you recently had your benefits or tax credits checked to make sure that you are getting your full entitlements?
- Even if you have, we have an independent Financial Inclusion Adviser who could look at that again to ensure it's up to date
- Our Advisers will assess your entitlements to benefits or tax credits, help with applications if required and do any chase up or appeals if needed.

From the discussion at the training session, add in other questions that you think might be useful:

### Top Tip

A minor change in family circumstances can impact on a family budget ie a dependant's age change, an increase or decrease in hours working. Always play safe and **REFER** to your Financial Inclusion provider.

The grid below lists the different types of support on offer under the heading of welfare rights along with some other useful information to help Advisers to clearly explain the support available from Financial Inclusion Services.

<b>Welfare Rights</b>	<b>Their current income and circumstances</b>	<b>One to one assessment of entitlement</b>	<b>Possible additional income</b>	<b>Potential negative outcome</b>	<b>Typical benefit types</b>	<b>How this supports employability</b>
<b>Benefit Check</b>	Information on current family circumstances and current income	Financial Inclusion Adviser will do a benefit calculation and may ask some additional questions to identify any further entitlements	Confirmation that current income is accurate and may identify additional entitlements	Additional benefits may be a disincentive to moving from benefits to employment	Welfare benefits	Ensuring correct entitlement to welfare benefits may ensure entitlement to in-work benefits if client commences employment
<b>Benefit Applications</b>	Personal information, national insurance number, current income etc.	Financial Inclusion Adviser will complete the relevant benefit application and may make a request for backdate	Entitlement to additional benefits	Additional benefits may be a disincentive to moving from benefits to employment	Mainly welfare benefits	Ensuring correct entitlement to welfare benefits may ensure entitlement to in-work benefits if client commences employment
<b>Reviews/ Appeals</b>	National insurance number, a copy of the decision letter and to be within the relevant timescale for review or appeal	Financial Inclusion Adviser will request a review and/or appeal of the relevant benefit	May lead to original negative decision for benefit claim being overturned	Client may not want to look at moving from benefits to work until outcome of their review and/or appeal is decided	Mainly welfare benefits	Ensuring correct entitlement to welfare benefits may ensure entitlement to in-work benefits if client commences employment
<b>Representation</b>	Client usually has to appear in person at tribunal.  May need evidence to support case at tribunal hearing.	Financial Inclusion Adviser will meet with client for pre-tribunal discussion and will represent client at tribunal hearing	Negative decision may be overturned. May result in positive outcome and backdated award of benefits.	Can take a long time for tribunal to be heard and Client may not want to look at moving from benefits to work until outcome of tribunal hearing is decided.  It can be extremely stressful for individuals awaiting a tribunal hearing and also appearing before tribunal panel.	Mainly Welfare benefits	Ensuring benefit entitlement is pursued to the logical conclusion may result in entitlement to in-work benefits if client commences employment
<b>Better off in-work calculation</b>	Information on current family circumstances and current Income.  Approximate anticipated salary and number of hours.	Financial Inclusion Adviser will do an in-work calculation based on approximate anticipated salary and hours and will show entitlement to in-work benefits e.g. tax credits, housing and council tax benefit etc.	Financial Inclusion Adviser will do calculations and show a comparison to their current financial circumstances so client is better informed.	If the calculations for in-work benefits are less than anticipated, the client may be hesitant about moving from benefits and into employment.	In-work benefits	Ensuring that the client has information regarding the financial changes helps to prepare them for moving from benefits and into employment. It may also better inform on the number of hours that they may work in order to ensure the best financial outcome.
<b>Back to work calculation</b>	Information on current family circumstances and details of actual salary and number of hours to be employed.	Financial Inclusion Adviser will do a return to work calculation based on salary and hours and will inform on entitlement to all in-work benefits.	Client will be informed as to what their income and outgoings will be and can budget accordingly.	If the calculations for in-work benefits are less than anticipated, the client may be hesitant about moving from benefits and into employment.	In-work benefits	Ensuring that the client has information regarding their income and expenditure should prevent possible problems e.g. with rent arrears whilst awaiting housing benefit award notification. Being financially prepared should assist with more sustainable employment.



# Money Advice

Money advice is mainly about dealing with debts and covers

- Assessment of client's financial circumstances, decision making and holding activity
- Preparing a client's financial statement which lists the clients income and expenditure
- Identifying and agreeing a client's options
- Negotiating with, and making offers to, creditors
- Having knowledge of diligence, diligence stoppers and court proceedings and to advise client appropriately on these.
- Having knowledge of insolvency regulations, practices and processes, and to advise the client appropriately on these options
- Making an appropriate referral for further specialist advice where appropriate

Some everyday examples of support on money/debt advice are:

- Help to manage debts
- Guidance on how to manage debt
- Help reclaim bank/credit card charges
- Help with gas and electricity issues

## Priority and Non Priority Debts

It is useful to know that Financial Inclusion Services separate debts into priority and non-priority

Priority Debts	Why is it a priority?
Mortgage arrears	Repossession of your home
Second mortgage or secured loan	Repossession of your home
Rent arrears	Eviction from your home. Also you may still have to pay arrears, which could result in other diligences
Council tax and water charge	Diligences such as freezing your bank accounts. Attachment order
Gas or electricity	Supply cut off
Court fines	Deductions from some benefits, deductions from wages, freezing your bank accounts, your vehicle could be taken, imprisonment
Social fund loans and benefit overpayments	Deductions from most types of benefits
Tax credit overpayments	Deductions from your ongoing tax credits or through your tax payments
Hire purchase or conditional sale	Repossession of the goods or a court order to hand them back
TV licence	Court fine and, if you do not pay, the possibility of going to prison

## Non – Priority Debts

- Credit card debts
- Personal loan with finance company
- Bank and building society loans and overdrafts
- Credit cards
- Store cards
- Personal loans to family and friends
- Catalogues
- Doorstep loans
- Trading Cheques

## Starting a discussion about money/debt advice

This is the most sensitive of money related issues to discuss and often people will not reveal problems till they have built a trusting relationship with their Adviser. However, it is still important to raise it as early as possible with clients, as the earlier action can be taken the better.

- Do you have any money/financial issues that you need help with?
- Sometimes money that you pay out on things like gas and electricity can cause problems; if there are any problems you might have we have a service that can help with this.
- Are your rent and council tax, gas and electricity payments up to date? Do you have any problems with these bills or any arrears?
  - We have an independent money advice worker who can help with this, they will look at your circumstances and can help organise repayments or look at other options that would help you
- Are there other money issues like store cards, loans, credit cards or finance agreements that you are having trouble paying, or may be worrying about, or that you might struggle to pay?
  - We have an independent money advice worker who can help with this, they will look at your circumstances and can help organise repayments or look at other options that would help you

From the discussion at the training session, add in other questions that you think might be useful:

### Top Tip

Debts should always be split into priority and non priority debts. If client has any debt issue **REFER** To your Financial Inclusion Service.

The grid below lists the different options for dealing with priority and non-priority debt.

Employability Advisers are not expected to know the full detail of these options. The information in the handbook will give Advisers some knowledge that they can use to reassure their client that they do have options. The Adviser should encourage them to seek the support available from Financial Inclusion Services.

Money Advice	What does client need	How is it achieved	Pros	Cons	Typical debt types	How this supports employability
Repayment proposal	Some disposable income	Negotiation with creditors	Manageable repayments agreed with creditors	Can take a long time to repay and interest can still continue	Non priority debts	Avoiding possible diligence once client starts working
Token Payments	Minimal disposable income	Negotiation with creditors	Manageable repayments agreed with creditors	Is usually only a short term solution and interest can still continue	Non priority debts	Avoiding possible diligence once client starts working
Debt write off	Good cause for this request	Negotiation with creditors	No further repayments are required	Is a difficult request to get a creditor to accept	Non priority debts	The client is likely to have additional requirements to support the good cause for this request but once the debt is written off there are no financial barriers to employment as a result of this
Debt Arrangement Scheme (DAS)	Disposable income	Financial Inclusion Adviser makes an application to the Debt Arrangement Scheme Administrator. The majority of the creditors have to agree to the DAS or if no majority agreement then referred to DAS Administrator for decision.	Protection from court enforcement, bankruptcy and loss of your home and the opportunity to freeze interest, fees and charges	You must have more than one debt. The debt must be repaid over a reasonable period of time. Your name will be on a public register	Priority & non-priority debts	Name being on a public register may be a barrier for some employers. Conditions of DAS stipulate that you must have regular contact with your Financial Inclusion Adviser – usually every 6 months unless a change of circumstances.
Prescribed Debt	To have heard nothing from creditor during 5 year period	Financial Inclusion Adviser will check that the client meets all the relevant obligations and will write to creditor	No further liability for the debt	Client will have to confirm that they had not moved address and confirm that they have not had contact or made contact with the creditor during the period in question	Non-priority debts	Once letter received from creditor confirming that they will no longer pursue the debt, a credit check should be sought as a poor credit rating can have a detrimental effect on moving into employment.
Protected Trust Deed (PTD)	Disposable income	Referral by Financial Inclusion Adviser to Insolvency Practitioner. The majority of the creditors have to agree to the PTD.	Once the trust deed has become protected, creditors can take no further action to recover the debt or take legal action.	The PTD will generally last for 3 years. After the 3 years your credit rating, and therefore your ability to access credit, will have been affected significantly by a trust deed. The trust deed will remain visible on your credit record for a period of six years from the date that it started. Missed payments before the start of the trust deed, and any default notices issued by your creditors, will also remain on your credit record for six years. These issues will affect credit availability and the terms upon which credit might be offered	Priority & non-priority debts	If financial circumstances change during this 3 year period then the amount of repayments or the duration of the PTD may be affected. Individuals in certain types of profession may not be able to enter into a Trust Deed without jeopardising their professional status.  Credit rating will be affected and this may prevent applying for certain employment where a good credit rating is essential.
Bankruptcy – Low Income Low Asset (LILA)	£100 is required to be paid to the Accountant in Bankruptcy	Financial Inclusion Adviser will assist with the completion of the Low Income Low Assets (LILA)/ Bankruptcy application	If no change in circumstances then Debt liability ends after one year.	For the LILA, you have to meet the low income test i.e.be in receipt of income support, income-based jobseekers' allowance or working tax credits or a gross wage of no more than £237.20 a week If clients financial circumstances change during the year of Bankruptcy/LILA then payments may have to be made for 3 years	Priority & non-priority debts	If financial circumstances change during the 1 year period then a contribution may be required and although the bankruptcy ends after 1 year the contribution payments will continue for 3 years. This may deter someone moving into employment until after the 1 year is complete. Individuals in certain types of profession may not be able to enter into a Bankruptcy without jeopardising their professional status. Credit rating will be affected and this may prevent applying for certain employment where a good credit rating is essential.

### **Other Financial Inclusion Advice on offer**

While the 3 areas detailed above constitute the main issues that people seek support for, Financial Inclusion Advice Services also offer support in 3 other areas as follows:

#### **LEGAL**

To support client facing legal action for non payment of debts, housing repossession or eviction

#### **HOUSING**

To help clients with problems with landlords, disrepair and other housing disputes

#### **EMPLOYMENT**

To assist clients who have problems with unfair dismissal, non payment of wages or other contractual problems.

## More information

The following websites contain information about services and useful toolkits for staff to build their knowledge:

Glasgow Advice and Information Network (GAIN) website contains information on services in Glasgow and useful resources.

**[www.gain4u.org.uk](http://www.gain4u.org.uk)**

Money Advice Service website contains detailed information on managing money

**[www.moneyadviceservice.org.uk](http://www.moneyadviceservice.org.uk)**

Employability and Tackling Poverty Network website contains useful resources for anyone working in employability or tackling poverty.

**[www.employabilityinscotland.com](http://www.employabilityinscotland.com)**

Scottish Book Trust website contains information on "Skint!" - a useful book for anyone working with young people.

**[www.scottishbooktrust.com/skint](http://www.scottishbooktrust.com/skint)**

Money Advice Scotland website to find services across Scotland.

**[www.moneyadvicescotland.org.uk](http://www.moneyadvicescotland.org.uk)**

Citizens Advice Direct Scotland website for online advice and to find local services across Scotland

**[www.citizensadvisedirect.org.uk](http://www.citizensadvisedirect.org.uk)**

Credit Unions in Glasgow have a website with details of all the Credit Union Services in Glasgow and information on the benefits of joining a Credit Union.

**[www.cucity.org.uk](http://www.cucity.org.uk)**

Scotcash is a social enterprise that provides access to affordable loans, bank accounts, credit union savings accounts and high quality money advice.

**[www.scotcash.net](http://www.scotcash.net)**





