



Homelessness & Financial Inclusion

A basic guide to financial inclusion for people affected by homelessness

Factors

Those who are homeless or are at risk of homelessness are often in a situation where they are affected by many factors relating to poverty as a result of debt or financial exclusion. In their prevention of homelessness guidance the Scottish Government identifies Financial Inclusion as a prevention tool (<http://www.scotland.gov.uk/Publications/2009/06/08140713/12>).



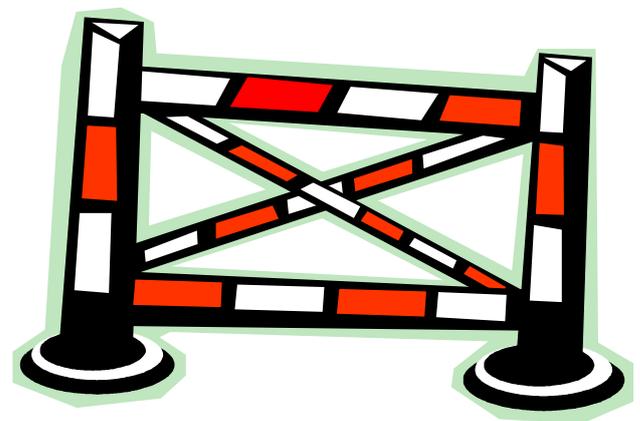
Resources

Homelessness can be caused by a range and interplay of factors and having debts that can't be managed or being financially excluded can be the main cause of or contribute towards someone becoming homeless. Debt and financial exclusion can also be a consequence of homelessness as being homeless generally equates with very low levels of income and can impact on access to mainstream services due to stigma, support needs or practical considerations such as lack of identification or a fixed address. The range of other factors that can contribute to or be a consequence of homelessness such as relationship breakdown; substance use; vulnerability and imprisonment etc can also mean that debts are incurred and financial exclusion is reinforced. Financial inclusion can impact significantly on a persons' ability to engage with and sustain employability opportunities.

Research

Significant factors for people who are homeless are:

- Current or previous debt history/poor credit history can affect access to housing in the private rented sector which then limits options for people to move on from homelessness.
- Lack of personal identification restricts access to financial services such as bank accounts and mainstream credit facilities which can then impact upon access to housing as many landlords require direct payment from a bank account.
- Poverty levels can be further reinforced as lack of banking facilities means lack of access to cheaper services and products via the setting up of direct debits or the varied and/or cheaper options often afforded by online payment.
- Lack of a fixed or secure address limits access to financial services/resources such as bank accounts and credit ratings.
- Being more limited to cash only transactions means that homeless people are more at risk of theft or loss of funds and exploitation from others.
- Living in temporary accommodation such as hostels can mean that money is sometimes pooled amongst groups of peers (either by agreement or coercion) leading to lack of financial independence and limited financial decision making opportunities.
- Existing on low levels of income means that a culture of savings is generally unlikely to be embedded. This can have an impact on ability to be resilient in terms of the effects of welfare reform, for example when benefits alone will not cover the rent.
- Financial exclusion from mainstream services can mean that homeless people are more vulnerable to becoming involved with other sources of lending such as loan sharks or doorstep loans and consequently subject to very high rates of interest and negative experiences such as threats and intimidation.
- Young people who are homeless or at risk of homelessness may not have had time or opportunity to develop the financial skills with which to safeguard against repeat homelessness or tenancy breakdown.



- Fuel poverty is likely to be more common where there is less consumer choice over direct debit arrangements and online comparisons. Many people who have been homeless are encouraged to use more expensive forms of fuel payment such as meter keys and cards as perhaps they have no recent history with suppliers or a poor credit history
- Moving on from homelessness often incurs more debt as the payment of Community Care Grants etc varies and people often end up taking out loans (formal and informal) to furnish their properties with essentials. The payment of Community Care Grants and Crisis Loans has been consulted on by the Scottish Government in the latter end of 2011 and will be reconfigured and the nature of the changes may have significant bearing on the financial inclusion of people who are homeless and moving into accommodation.
- Where homelessness has been caused by or created issues with substance use or other addictions such as gambling there can be significant debts, via both legitimate and alternative avenues, in existence. This



can impact on future sustainment of housing and also on the persons' ability to engage with employability opportunities

- The ability to engage with employability opportunities can be limited as bank accounts are generally required for payment of salaries.
- Where there is a debt burden there is also a disincentive to engage with work opportunities if this would mean that debt repayment was accelerated, and available expenditure reduced.
- Debt burden can limit engagement with a wider range of employability opportunities as for example someone may not want to take up a job or course that entails travel as they need what would be the transport money to service debts.

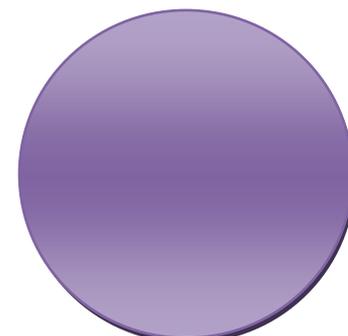
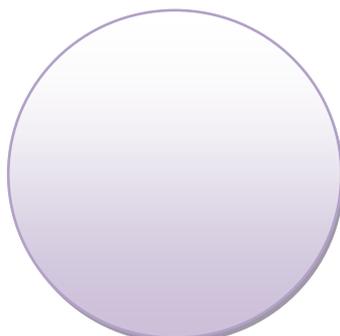
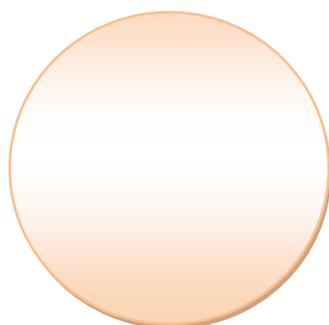
There are, therefore, a huge array of financially related factors impacting on and being caused by a persons' homelessness. There are a range of resources that exist, however, in helping work through financial issues. As well ensuring that financial inclusion is incorporated into assessment processes the following resources can be of help when working with someone to address financial inclusion issues:

Opening a Bank Account

Opening a bank account can be a significant barrier due to the fact that many people who are homeless do not have the identification required by banks to legally open an account. However, different banks and different branches of banks can have varying degrees of flexibility in how they manage ID requirements. Toynbee Hall has produced an ID guide which incorporates the homelessness perspective, and is available as a download or in hard copy

www.toynbeehall.org.uk

Credit Unions, called by various names around the world, are **member-owned, not-for-profit financial cooperatives** that provide savings, credit and other financial services to their members. Credit union membership is based on a common bond, a linkage shared by savers and borrowers who belong to a specific community, organization, religion or place of employment. Credit unions pool their members' savings deposits and shares to finance their own loan portfolios rather than rely on outside capital. Members benefit from higher returns on savings, lower rates on loans and fewer fees on average.



For a guide to credit unions

and signposting to advice and resources:

<http://www.abculscotland.co.uk/credit-unions/creditunionscotland>

www.moneyadvice.service.org.uk/assets/downloads/pdfs/your_money/a5_guides/credit_unions.pdf

Grand Central Savings is a Glasgow area based banking services for those who are “unbanked” and socially and financially excluded, and has a particular emphasis on assisting homeless people with setting up bank accounts.

www.grandcentralsavings.org.uk

Financial Inclusion and Financial Capability Resources

Transact is the national forum for financial inclusion and is a free and independent UK wide network for people committed to practising and promoting financial inclusion.

www.transact.org.uk

The National Debt Helpline for Scotland provides free confidential and independent advice on how to deal with debt problems and provides practical resources such as a debt management toolkit.

www.nationaldebtline.co.uk/scotland

The Scottish Citizens Advice Bureaux Service is working with the new Money Advice Service to deliver face to face Money Advice Sessions across Scotland, to help everyone make the most of their money. The Money Advice trust gives Independent money advice to people who are struggling to manage their debts. Citizens Advice also has a downloadable financial capability toolkit.

www.cas.org.uk/about-the-cab-service

www.moneyadvicetrust.org.uk

The Energy Savings Trust Scotland can provide sign-posted advice and resources relating to energy efficiency and fuel poverty.

<http://www.energysavingtrust.org.uk/scotland>



Youth homelessness is increasing and projected to continue in this way. Financial capability is a key consideration in the prevention of homelessness. Many credit unions will engage in local financial capability work with young people in schools and community settings. Young person specific advice/resources can be found at:

<http://www.pfeg.org/>

<http://www.fairbridge.org.uk/scotland/>

<http://www.moneyadvice.service.org.uk/workingwithus/youngpeople/default.aspx>



There are also organisations such as Impact Arts who seek to build financial capability in addition to other skills through arts based projects. For example, their Fab Pad project is a tenancy sustainment programme that uses Interior Design to engage vulnerable tenants to enable them to turn their house into a home. Participants are able to attend weekly workshops to learn new skills and meet other young people who are in the same situation. There is a positive attitude to recycling, up cycling and making rather than buying. The emphasis is on wanting people to reuse as a positive lifestyle choice that makes the most of their personal budget and creates less waste with the ethos being that second hand is definitely not second best. Each Fab Pad participant receives a budget of £100 which they spend on items for their homes. Fab Pad aims to enhance peoples' homemaking skills and budgeting is a priority when it comes to making and running a home. Many of the young people they work with are surprised and delighted with what they can do to personalize their home on a relatively small budget once they have the skills and confidence that engaging in Fab Pad can give them.

www.impactarts.co.uk



www.shen-scotland.org

If you have a practice example that would be relevant please get in touch

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