



**how housing  
associations and  
ALMOs can promote  
financial health, now  
and in the future**

**[www.goodcreditindex.co.uk](http://www.goodcreditindex.co.uk)**

## How housing associations and ALMOs can promote financial health, now and in the future

The impact of coronavirus (COVID-19) is causing uncertainty for everyone and presenting new challenges on an almost daily basis. For social landlords, the wellbeing and financial resilience of customers and staff are important considerations but it can be difficult to know where to start with so many pressing issues competing for attention.

Demos, the cross-party think tank, is delivering the Good Credit Project in partnership with stakeholders across South Yorkshire to help people access fair credit, reduce the need for unaffordable borrowing and improve the local credit environment.

Our ground-breaking [Good Credit Index](#) maps access to good credit across the UK. South Yorkshire highlights many of the credit challenges faced by people nationwide. **Barnsley and Doncaster** count as 'credit deserts', two of only 29 areas where it is very difficult to obtain good credit. **Rotherham and Sheffield** perform better, but still face a combination of poverty, thin credit files and high insolvency rates. Sadly, the impact of Covid-19 won't be helping the situation but we know that housing associations are keen to support their communities wherever they can while protecting their businesses.

As part of the Good Credit Project and in response to the current crisis, we have put together a plan to help housing associations and ALMOs support their employees and customers during and beyond the pandemic.

This guide aims to suggest simple yet practical steps that can be quickly implemented to help boost financial resilience in both the short and longer term.



## 7 steps to support your customers

### 1. Work with your in-house team or organisations such as Citizens Advice to promote financial advice to tenants

While many social landlords have financial advice on their websites, a lack of technical abilities or increased distress in these challenging times can mean the advice fails to reach those who need it most. Proactively offering advice through leaflet drops or linking up with voluntary sector support services could ensure people have access to the information and guidance they need. As new support schemes and processes emerge during the pandemic, greater information sharing with wider networks will help raise awareness of local resources.

### 2. Partner with charities to source emergency furniture and white goods

Explore whether local charities or social enterprises are able to source second-hand furniture and white goods for tenants in need. Some of the organisations will be unable to sell to the public at the moment, but could arrange contactless and safe deliveries in partnership with you.

### 3. Work with a credit union to support those at risk of eviction or struggling to budget

Your local credit union may offer rent support schemes to protect both tenants and landlords by arranging to make timely payments from an account-holder's income on their behalf. Budgeting accounts can also help tenants to manage other bills or arrears too. [Local credit unions](#) have alternative methods of contact and support in place where branches are presently closed, ranging from telephone support to online access and mobile apps.

Social landlords can [lose up to £30,000](#) on every social housing eviction and emergency accommodation costs local authorities a lot. The CEO of Landlord Action thinks around "40-50 percent of evictions...could have been avoided". With an £85,000 grant from Lewisham Council, interest-free loans are given to those at risk of eviction, saving the council over £1 million and [saving 300 families from eviction](#). You could be central in providing early warning of eviction and working with credit unions and councils to set up such a scheme.

### 4. Share data with credit reference agencies for recognition of rent in tenants' credit scores

Building a better credit score is essential to accessing better credit options. Landlords can work with credit

reference agency [Experian](#) as part of the Rental Exchange initiative to ensure that tenants taking a rent payment holiday won't find their credit rating adversely affected. Some housing associations and ALMOs are also part of a scheme with [Big Issue Invest and Experian](#) to improve the credit scores of their tenants. They share tenancy and rental payment information with Experian on a monthly basis.

### 5. Introduce Early Warning Systems for tenants who might soon be in financial trouble

Social landlords are often the first to be aware of an individual with low-level payment difficulty: tenants who often pay slightly late - but not late enough to trigger formal procedures - might soon incur rent arrears. You can target these tenants directly with financial advice and support to help them avoid getting into debt. Your local credit union can often spot early warning signs of financial problems among customers and can work with you to find solutions.

### 6. Adopt tried and tested best practice guidelines on payback arrangements

Pay back arrangements for rent arrears can be ineffective as tenants make strict commitments that are unsustainable for them, particularly during a change in circumstances. You may already use initiatives such as personalised payback arrangements - ideally including benefit and income and expenditure checks - when making these arrangements and a reduced use of bailiffs to boost your tenants' financial health. However, if households are struggling, then the Local Government Association offers some practical ideas to support them [here](#).

### 7. Learn from other social landlords and share best practice

Housing associations and ALMOs in South Yorkshire are already doing a lot to help tenants' financial health. [Together Housing](#) lets tenants struggling to pay rent access advice by merely texting 'RENT HELP'. Great Places gives grants to community-boosting projects of its residents with their [own Fund](#). St Leger Homes in Doncaster has signed up to the [Anti Poverty Commitment Statement](#), working to increase financial inclusion. The pandemic is creating even more challenges so sharing best practice about both established and new financial inclusion measures is increasingly important. Explore options to encourage participation and learning. Membership organisations such as [Housemark](#) could be a starting point for benchmarking approaches.



## 5 steps to support your employees

### 1. Point your staff to reliable information

Signpost to local debt advice services and credit support networks on your staff intranet or noticeboards. [The Money Advice Service website](#) lists free advice agencies in your area. For the latest guidance about Covid-19, direct employees to the [Government website](#) which includes regularly updated information about work, housing and finances. It explains things like mortgage holidays and protection for renters, the new Job Retention Scheme if relevant, and benefit entitlements including Statutory Sick Pay and Universal Credit. Staff who would benefit from a mortgage holiday must approach their lender to get agreement and people who are renting have extra protection during the crisis but conditions apply. Full details can be found on the government website.

### 2. Explore your options for offering 'in-kind' benefits

Encouraging staff to make use of flexible working arrangements could help to give them time out to improve wellbeing, meet caring responsibilities, or deal with financial pressures. Remember too that [tax-free company benefits](#) such as free workplace parking, mobile phones or childcare vouchers might help their income go further. [Cycle to Work](#) and other salary sacrifice schemes can also be financially beneficial.

### 3. Link up with a local credit union

Credit unions are community-based organisations which are open to everyone and offer savings,

loans and other financial products. They're owned by the people (members) who use them, not by external stakeholders, so their focus is on customer service rather than profits. You don't need to be an expert to help staff to understand the basics. [Your local credit union](#) will be happy to explain its products and services to groups or individuals.

### 4. Partner with a credit union to make payroll deductions available

A no-cost benefit that employers can offer staff is payroll deduction which is quick and easy to set up. Many credit unions offer the option of letting employees borrow and/or save by having contributions deducted from their salaries and they also take care of the admin. Members of such salary deduction schemes could be eligible for discounted rates on credit union loans which provide an alternative to higher-cost options.

### 5. Allow employees to take part of their salary early via salary advances

Adopt low-cost financial technology-powered tools, such as [Wagestream](#) and [SalaryFinance](#), to help your employees access their salary early. These are more confidential than salary advances upon request and there's no extra admin burden. They allow employees to access money they've already earned when they need it and as an alternative to high-cost credit. Some tools can also calculate micro-savings via a simple to use app to encourage workers to put small amounts of money aside as a cushion against financial shocks.

## Would you like to learn more?

Go to our website <https://www.goodcreditindex.co.uk/> or contact Joanne Ainley at [joanne.ainley@demoss.co.uk](mailto:joanne.ainley@demoss.co.uk).