



NIFHA Response to Consultation

Date: 30th July 2013
Consultation: Taking Control
A Financial Capability Strategy for Northern Ireland

Introduction

The Northern Ireland Federation of Housing Associations (NIFHA) represents registered and non-registered housing associations in Northern Ireland. Collectively, our members provide around 40,000 good quality, affordable homes for renting or equity sharing. Further information is available at www.nifha.org

General Comments

NIFHA strongly supports the development of a Financial Capability Strategy for Northern Ireland (NI) and view this as a mechanism for building financial skills and capacity which will enable people to develop greater awareness of the opportunities and threats to their financial security and stability. The economic recession, rising cost of living and the growing complexities of peoples' financial arrangements means that the need for a Financial Capability Strategy has never been more pressing. NIFHA therefore welcomes this consultation document and we agree with both its vision and priority areas for action.

One area that NIFHA is particularly concerned about is the reliance of many people on commercial sub-prime lenders, especially where they are paying exorbitantly high interest rates. We therefore call for greater regulation and control over these types of lenders as a priority for the NI Executive. A mechanism to encourage people to move away from these types of lenders could be to support a significant increase in the provision of not-for-profit lending. Lending of this kind to low income consumers may assist people caught in the cycle of short term high interest borrowing to move away from both legal and illegal lenders.

NIFHA also recommends the greater use and promotion of credit unions especially for people on low incomes and those living in social housing. Encouraging the use of credit unions as a means of generating savings and lower cost loans will assist people with building their own financial capacity and provide them with solid foundations for their future financial security.

Specific Comments

Financial Capability and the Programme for Government

NIFHA supports the initiatives contained within the NI Executive's Programme for Government 2011-15 to develop and implement a Financial Capability Strategy for Northern Ireland. We recognise that building the NI economy, creating opportunities and investing in employment, will support people and

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communities to become financially capable and inclusive. We also suggest that there should be a range of measures to reduce poverty delivered as a priority for the NI Executive. NIFHA welcomes the particular emphasis on reducing rural poverty and that a number of initiatives have been introduced in these areas to encourage greater financial inclusion.

NIFHA also supports increasing the range of online government services and facilitating access to these services. We would ask though that a targeted digital inclusion programme should be developed as a NI Executive priority as this would enable people to develop the required skills and therefore make the best use of online services.

A Vision for Northern Ireland's Financial Capability Strategy

NIFHA supports the consultation document's vision of building a financially capable and inclusive society and its wider aims to raise the living standards, promote social inclusion and reduce poverty levels for all people living in Northern Ireland. We welcome the provision of a co-ordinated, joined up approach between NI Executive and other stakeholders, including housing providers to improving the financial capability of the people within Northern Ireland.

We welcome the development of an Action Plan to deliver the Financial Capability Strategy over the next 5 years. We suggest that the promising high level commitments by the various government departments involved in the delivery of the strategy should be translated into measurable outputs as a matter of priority within the Action Plan.

The implications of the Welfare Reform Bill and the introduction of Universal Credit will bring many challenges to people on low incomes and those who are claiming benefits within Northern Ireland. NIFHA welcomes the work that has already been done and continues to be ongoing to mitigate the impact of the changes for vulnerable people.

NIFHA has lobbied for and welcomed a number of Northern Ireland specific changes such as the continued direct payment of housing costs to landlords, the ability to split Universal Credit payments between two parties in a household and making the payment of Universal Credit twice each month rather than once. We believe that these changes will help to protect vulnerable people and support their overall financial capability.

Financial Capability Initiatives in Northern Ireland

NIFHA supports the initiatives that are proposed to encourage Financial Capability within Northern Ireland especially those that provide advice and guidance to improve people's financial well-being and help those people who are most financially vulnerable through having problems with debt.

NIFHA's members within the housing association movement are developing increasingly strong relationships with advice and welfare agencies such as

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Citizens Advice, Advice NI / Debt Action NI and the Housing Rights Service. The important services that these agencies provide are widely promoted by associations, for example in tenant newsletters and by housing officers.

To encourage financial inclusion and capability for their tenants, an increasing number of associations are training their staff to provide generalist money management advice, which is enabling them in many cases to identify those tenants who would benefit by referral to one of the more specialist advice agencies.

Some housing associations are using the relationships they have with their business banks to help some of their tenants to get a basic account, for example through having housing officers accredited to carrying out the identification checks necessary to set-up the accounts.

If the proposed bedroom size criteria is introduced within the Welfare Reform Bill, NIFHA anticipates that the need for debt advice would be likely to increase significantly. Therefore the funding for debt advice and other financial inclusion and capability services would have to be significantly uplifted to ensure that the increased needs are met.

NIFHA therefore asks that the Northern Ireland budget for the provision of financial advice and especially debt advice is closely monitored to ensure it remains in line with the number of people needing to avail of these services.

Executive's Priorities for Financial Capability

NIFHA welcomes the priority areas identified by the NI Executive for improved capability initiatives and hopes to see measurable objectives for these included in the Financial Capability Action Plan. We have serious concerns regarding the number of people in our society who do not have access to a bank account or mainstream financial products and we ask that this addressed by the NI Executive as a matter of priority.

Financial institutions and not for profit organisations should be encouraged to provide bank accounts and other financial products to financially marginalised groups of people to help reduce their reliance on illegal money lenders and high interest payday loans. NIFHA therefore asks that NI Executive makes this a priority within the Financial Capability Strategy Action Plan.

NIFHA welcomes the proposed Digital Strategy we would ask though that a targeted digital inclusion programme should also be developed as a NI Executive priority, this would enable people to acquire the required skills and therefore make the best use of online services, especially ahead of the introduction of Universal Credit that will be 'digital by default'.

A Financial Capability Strategy for 2013-18: Delivering the Vision

NIFHA welcomes each of the initiatives outlined to achieve the NI Executive's vision for Financial Capability. We particularly support the work that is ongoing with respect to the provision of both face to face and web based money advice services and the development of a Money Advice Service toolkit.

Taking cognisance of the problems encountered in rural areas and targeting specific initiatives to increase their financial capability are also particularly welcomed within the strategy. NIFHA also welcomes the joined up approach to delivering the strategy by government, the voluntary sector, communities and the private sector, working in partnership for the benefit of vulnerable people in our society.

NIFHA also supports the development of a monitoring and evaluation framework to assist with the delivery of the strategy through the five year Action Plan. We would also welcome participation on any working groups are to assist with the delivery of the strategy.

NIFHA hopes you find this consultation response useful.

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