Quids in!

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The *Quids in!* Reader Survey 2016

Financial hardship in communities, the impact on social tenants and other stakeholders, and the difference Quids in! makes

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1 OBJECTIVES AND CONTEXT

THE VALUE OF THIS RESEARCH

This is our third national survey of social tenants. We have conducted them alternate years since 2012 and this is giving us a multi-dimensional picture of life in some of our most vulnerable communities. It vividly depicts the scale of their money worries but also how they are impacting on the quality of their lives. They tell us how they are affecting their health. They raise warning flags where risk can be linked to policy decisions, for example around the implications of rolling out Universal Credit (UC) or tighter revenue protection processes among landlords. All stakeholders should take note and while we are not claiming a reader survey is robust enough to dictate policy, it is something of a whistle-blower on issues that deserve closer inspection.

This report shows how things are for hard-pressed householders and how things have changed for them over the past few years. We will see how things were bad enough in 2012, worsened by 2014, and rallied a little in 2016, although not resuming the levels of wellbeing in our first survey, which was already two years into an austerity regime. It will look at how well (or not) people are managing their money and how this in turn is impacting on their lives. It will reveal the level of risk they face of being unable to juggle budgets and meet the needs of landlords and creditors. It will also demonstrate the difference *Quids in!* has been able to make, where else they already turn and the interventions that are still required.

WHO ARE WE?

The Social Publishing Project (SPP) is a not-for-profit enterprise in business to address poverty and social exclusion by promoting financial capability and promoting ways vulnerable people can help themselves. We produce reader-friendly materials to help them manage their money, signpost them to help when they need it, and we are forging digital paths to accommodate anyone wanting to improve how they manage their money whatever level their IT skills. We are also sector-facing and run the Quids In Professional Network boasting 2,000 adviser and policy-former subscribers, who receive briefings, articles and news to help them improve services. We support networks and forums around the UK, presenting on findings like those in this report and sharing observations gathered nationally on significant issues affecting our readers, like UC (which has now been developed further into a professional training workshop we deliver for social landlords). To date, we have been entirely self-funding, working in partnership with landlords and authorities and with sponsors like Aviva and Mears whose support enabled us to conduct this research.

Quids in! is SPP's flagship product. It is a quarterly money management magazine that is lightweight in format and design, so it is accessible for readers and easy for landlords to insert into a tenant newsletter. It looks more like *Take a Break* magazine than something produced by the Money Advice Service. We have editions for England, Wales, Scotland and Northern Ireland, as well as large print and digital versions. Through our independence, irreverent style and authoritative content, we have won readers' trust and they engage with the magazine hugely – our crossword competition entries prove people are getting stuck in. As a brand, *Quids in!* has extended to a very popular Universal Credit Guide, a New Tenants Guide, a budget planner (with a unique payment priority pyramid), and 'Say No to Payday Loans' leaflets. This research tells us what we already knew – readers like us: 17 per cent say they find us useful all the time, 31 per cent said often, and 41 per cent said some of the time.

CONTEXT: AUSTERITY

A period of austerity continues, eight years after the economic crash of 2008, (coincidentally the year Quids in! was launched). With two changes of government, our readers have weathered recession, job losses, welfare reform, and rising costs where VAT remains at 20 per cent and hits the poorest hardest[1]. A large proportion of them has been scapegoated in the press, demonised in docu-soaps like Benefits Street, and alienated by politicians of most colours distinguishing the undeserving poor from 'hardworking families'. In that time, the only notable successes have been the explosion of foodbanks and the rise (and fall) of the payday loans trade – heroes and villains both serving the short-term needs of people living hand to mouth.

Some attempt at measuring the impact this period of austerity has had on low income communities is essential and that's why this research is so important. We will add to other research[2] that has shown how money worries have blighted lives with ill-health, debt and the high risk of homelessness.

UNIVERSAL CREDIT AND WELFARE REFORM

Politicians and policy makers are so removed from the lives of low income social renters that social programmes do not always fit with reality, and Universal Credit (UC) is a good case in point. Its 'digital by default' agenda is the first giveaway that it was designed by people who have little contact with Quids In's working age readers. As we'll see later in this report, 35 per cent of working age reader not in full-time employment (likely UC claimants) have no access to the internet. Our partners on the ground, working with unemployed people, report this is the tip of the iceberg: claimants lack the skills or inclination to go online and have limited access to free-to-use, fit-for-purpose computers to complete UC applications, let alone search for work.

The major challenges around UC do not end with the IT. Direct and monthly payments, and the lag between claim and first payment, generate huge risk of debt. Understanding claimants often live hand to mouth, even before they have to wait seven weeks for their first UC payment, helps predict the level of support people will require. So when our research shows just 17 per cent of working age readers not in full-time employment use a savings account, how 22 per cent are already struggling with rent, 54 per cent with other bills, and 34 per cent with debts, it offers insight that is vital to landlords and other stakeholders. Anyone wanting explanations for the reported 79 per cent[3] of UC claimants who fell straight into arrears upon moving to UC could do worse than start with the charts in this report.

The fall-out of welfare reform in general, including benefit caps, the bedroom tax and direct payments, has shaken the social housing sector to its core. Evictions are on the up[4] and access to social housing is increasingly restricted to those who are on top of their money. Social landlords have had no choice but to make tough business decisions. When the government then imposed rent cuts on them in England and Wales, budgets were cut and often the squeeze has been on social investment.

IMPACT

Another objective of this research is to build a business case that addresses what tenants need to be 'good' tenants in the eyes of their landlords and the role *Quids in!* can play in supporting them both. Our findings are that 33 per cent of readers think more carefully about their money and that 18 per cent think twice about high interest borrowing. Additionally, 18 per cent recognise a financial issue they need help with. Surely, this will be of interest to landlords: for example, landlords would be worried their tenants may get sucked into the trap of spending rent money on other priorities. The insight we've gathered will enable us to further refine our offer to readers and paying customers, in the way that any publisher would use a reader survey. We can immediately see the need for more content about UC and challenges in particular around budgeting, access to appropriate banking products and being online – what we've called the 3 Bs.

The research means we can prove our value to funders and commissioners too. As the financial capability/ wellbeing 'sector' takes shape, there is increasing consciousness that impact is everything and we can demonstrate ours. That eight per cent of readers decide to get help and that six per cent access that support gives us benchmarks to build upon. It suggests up to 18,000 fewer people would be able to sort out their problems if *Quids in!* did not exist and as we get better at nudging them in the right direction, and if we can hold the faith of stakeholders, this can only grow.

THE 'SECTOR'

It is difficult to determine whether there is a sector within which the Social Publishing Project operates. There are financial capability initiatives nationwide, housing providers delivering money management courses all over, welfare reform support programmes, debt and money advice agencies, credit unions and the rest but do they form a cohesive sector? Under the UK Financial Capability Strategy they might and the significant development on this front is the recent launch of What Works funding by the Money Advice Service (MAS), which paves the way for the new commissioning body that will replace MAS.

2 SURVEY METHODOLOGY

OUR APPROACH

With two prior surveys to draw on, the process for defining questions was relatively straightforward. Also as before, we recruited professional researchers (this time from Cobweb Consulting) to help ensure some rigour was applied at the design and analysis stages. If the research was to make bold claims and be put to work influencing policy, not just helping us improve our products, we needed independent overseers to help validate our approach. Other stakeholders involved from the early stages were our sponsors, Aviva and Mears, whose involvement proved our belief that there are partners out there keen to do business with us in the financial capability sector and their support meant this research could happen.

We wanted to maximise the survey's reach and asked social landlords who do not take *Quids in!* to also participate. For those who continue to publish tenant newsletters, inserting the 2-side survey was easy enough. In addition to the paper copy, as before, we published an online version, which included a small number of extra questions, taking advantage of the chance to specifically find out more about the habits of people who use the internet. (This time we included qualifying questions to exclude non-social tenants. In 2014, we did not do this and a link to the survey was published on moneysavingexpert.com, whose users were better off and more financially capable than *Quids in!* readers, causing us to exclude 800 responses). This year we estimate we reached 130,000 social tenant households.

Under advice from researchers, we included three draw prizes to increase the incentive to recipients to respond. We offered £300 as a first prize, with two £100 runner-up prizes. We received 583 legitimate responses, achieving a 0.5 per cent take up. 436 (75%) were by post and 147 (25%) were online, the latter being an increase on 2014 (21% responded online). No reply envelope was included but a Freepost address was supplied.

We consider the response rate to be small but robust enough to offer some broad findings. The outcomes from previous research, based on similar response levels, were later borne out by other surveys, most of which were better resourced and led by social research companies themselves, so we are confident we have a decent snapshot of life within our community. We are reluctant, however, to segment the data too much as the smaller cohorts decrease the representative nature of the data. For example, we have not broken the findings down by region. Understanding of the situation for benefit claimants was essential, however, so responses were broken down into three groups: older respondents (above retirement age),those of working age in full-time employment, and those working age not in full-time work. We will show this insight suggests massive inequality in all aspects of financial wellbeing but acknowledge the numbers are low and worthy of further investigation, (although they do appear intuitive, proportional and consistent).

We have started working with social researchers to conduct follow up surveys among respondents who indicated they would be happy to participate further. This opens doors to new partnerships and indicative findings broken down by social group, circumstance or particular response create the opportunity to dig deeper. To this end, we are talking to large academic institutions who can make more use of the survey data than a specialist publisher can.

3 WHO ARE WE TALKING ABOUT?

SOCIAL TENANTS

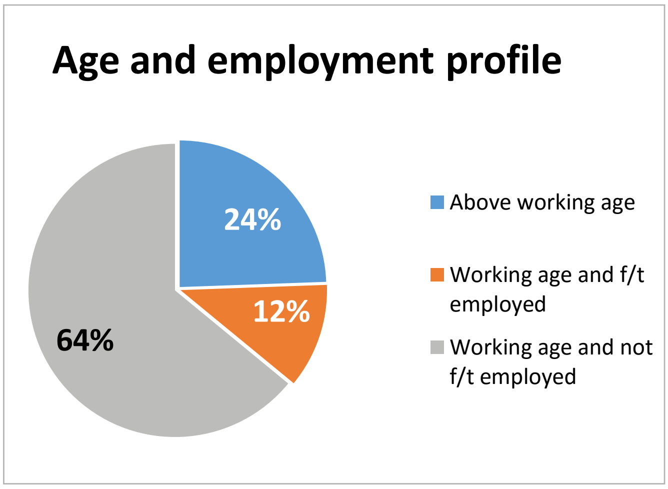
There are approaching 10 million people living in social housing across the UK and *Quids in!* reaches all four home nations with targeted editions. They are a mix of ages and social backgrounds, and range across older people with 'tenure for life', tenants requiring special support, and others in general needs accommodation. Recent access to social housing has been more limited to people less able to access the private rented sector but longer term residents may have accessed it as a right even if they now enjoy higher incomes. The Social Publishing Project is more interested in lower income households… for that matter, of any tenure.

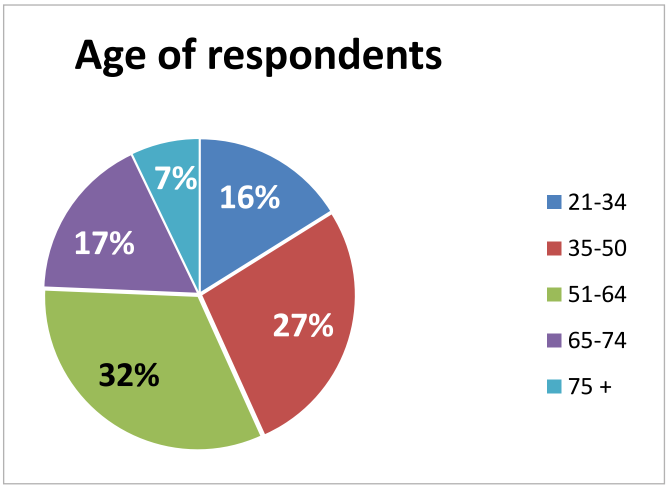
The role of social landlords, and the culture among staff who work in the sector, has had to adapt to challenges brought about by austerity measures. As a major provider to benefit claimants, welfare reform has already impacted on them. There are almost too many changes (and implications) to list here but key ones include underoccupancy where tenants with one or more spare bedroom had Housing Benefit capped, a general capping of benefits per household, removal of access to all or proportions of benefit for younger people, and in England and Wales a rent decrease imposed by government keen to reduce its Housing Benefit bill. Universal Credit (UC) and its direct, monthly, whole household payments introduces a further series of threats, such as the high incidence of arrears already evidenced in pilot studies referenced above.

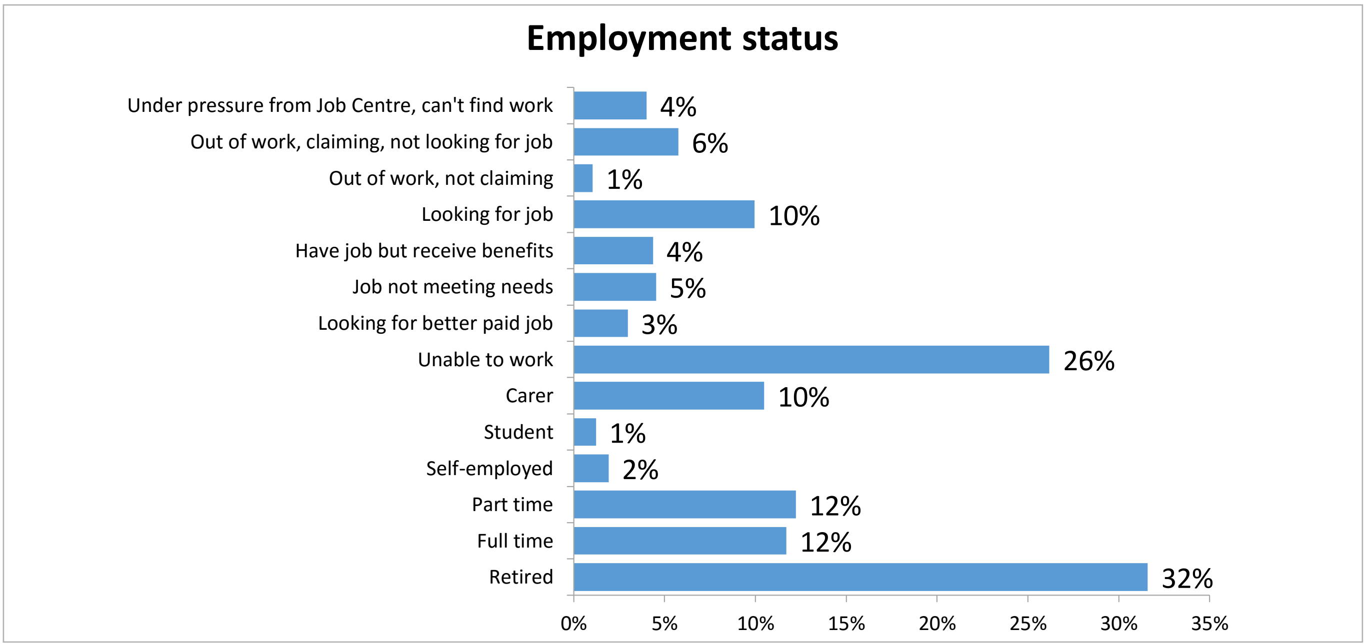
Tenants will notice their landlords have had to become more business-like and many are screening out high risk new tenants, testing their financial capability at the outset. Schemes, like the Rental Exchange by Experian, will work with landlords to incentivise 'good tenants' (who pay on time), rewarded in this case with improved credit ratings while hopefully others are guided to extra support. In light of the increased risk of lost revenue caused by welfare reform, investment in community or social initiatives has often been curtailed or channelled toward schemes that protect revenue. As all these changes work through, this research provides landlords with invaluable insight. In many ways, they couldn't have more targeted data on the financial worries of their tenants, how these impact their lives and what it will mean for customers' ability to keep on top of rent and their status as 'good tenants'.

DEMOGRAPHICS OF RESPONDENTS

All respondents were social tenants. The key differentiator we will refer to is on age/ working status: 24 per cent were beyond normal working age, 12 per cent were working age and in full-time employment, and 64 per cent were working age not in full-time employment. The age of respondents ranged widely but those aged between 51 and 64 were the largest group in general and 75+ the smallest. We will frequently compare responses from these groups as this has particular resonance in the context of welfare reform and the financial challenges this brings. Those who are working age and not in full-time employment include part-time workers (12% of all respondents), carers (10%), students (1%), those not able to work (26%), unemployed but looking for work (10%) or not looking (6%). Some were

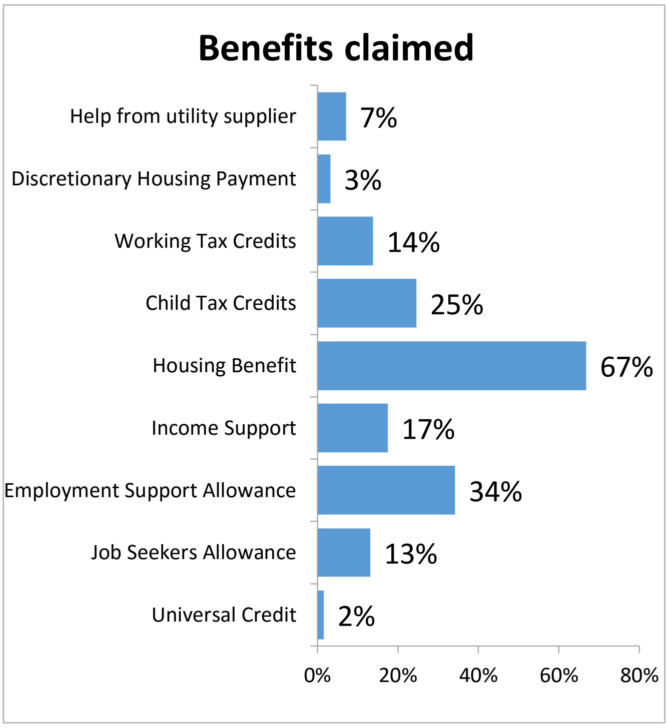






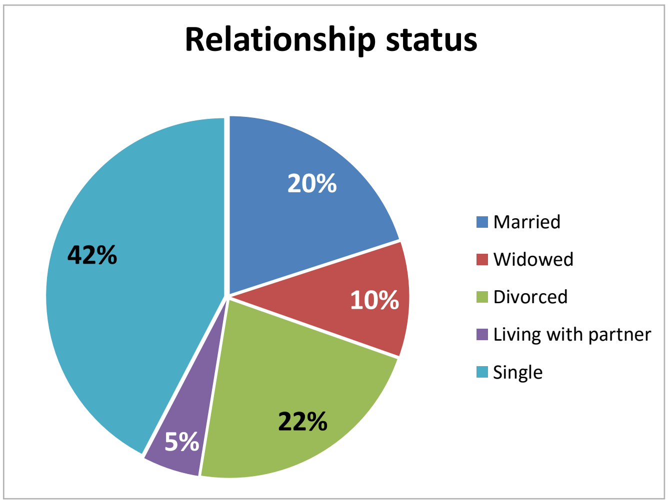
working but dissatisfied with their current situation, with five per cent saying their job was not meeting their needs and three per cent saying they were looking for better paid work. As a reminder that working people will be affected by welfare reforms, four per cent of working people were claiming benefits. These figures are for all respondents, so include people beyond statutory retirement age, (as above, 24% are beyond retirement age but 32% of all ages said they were retired).

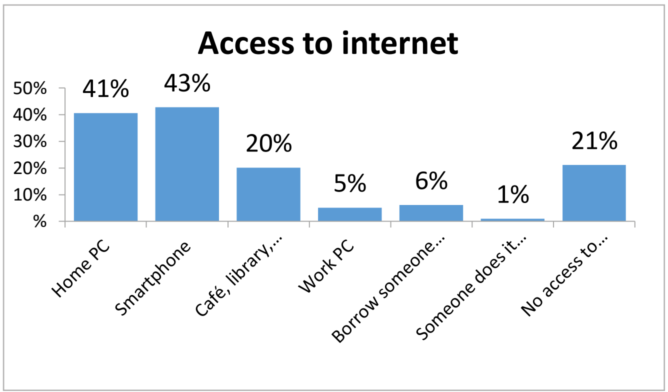
In terms of benefits, we found two thirds (67%) were in receipt of Housing Benefit, a third (34%) were on Employment and Support Allowance and a quarter (25%) claimed Child Tax Credits. All these will move to Universal Credit in the next five or so years, alongside claimants of Jobseekers Allowance (13%), Working Tax Credits (14%) and Income Support (17%). As we will come on to explore, these represent huge numbers of social tenants whose money management skills may be put to the test creating risk for landlords. Just two per cent were already on UC, unfortunately too small a sample to assess how it impacts this group, but worthy of further exploration.



We also wanted to know what other forms of support readers were accessing, outside of formal benefits. Seven per cent were receiving help from a utility supplier, which could be in the form of a grant or special tariff on account of hardship. Three per cent had turned to their local authority for assistance through a Discretionary Housing Payment, although it is impossible to draw conclusions from this as criteria for its use varies from authority to authority – in Scotland, for example, it is automatically allocated to offset Underoccupancy caps.

Of those who indicated it, 58 per cent were female and 42 per cent were male. This compares to our 2014 survey where 64





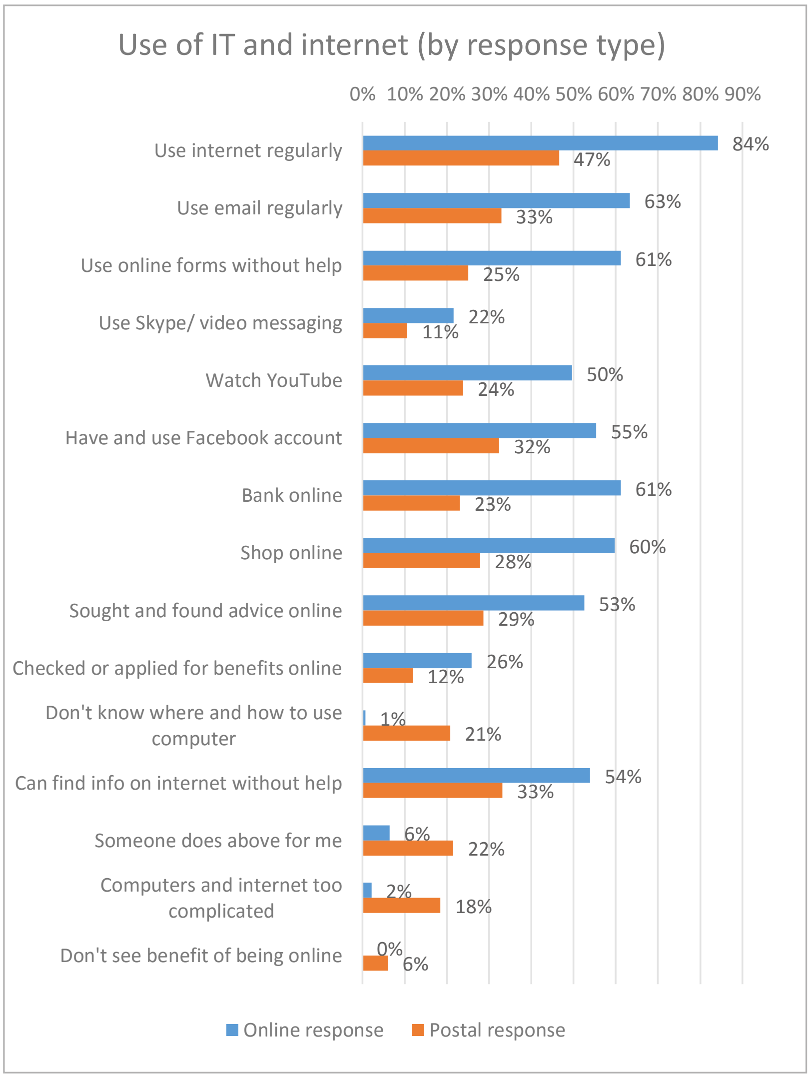
per cent were female and 36 per cent were male. As well as mirroring the nature of the publications *Quids in!* emulates, which tend to target women, it also reflects findings that women are more likely to engage with financial issues. In March 2016, the Huffington Post[5] reported: "According to research from Policy Expert, women take care of most of the bills in the home; 58% look after utility bills, 72% manage home insurance and 67% oversee the grocery shopping."

Although we have not used this to drill further into our findings here, it is useful to note the make up of households we are reaching. We found 23 per cent had children and 16 per cent had adult dependents, for example, while 42 per cent were single, 20 per cent married, five living with a partner, 22 per cent divorced, and 10 percent widowed. We also asked how many had a lodger or sub-tenant and found one per cent said they did.

Although we are not focusing on regional coverage in this report, as the sample size is slightly too limited for this, we would note that the survey was circulated in Northern Ireland accounting for around half of all circulation and 53 per cent of all responses. The aim remains to increase responses in future research so we can compare them by region, for comparison with intelligence gathered by the Money Advice Service[6], for example, whose findings include that people in Northern Ireland are affected more by problem debt than in some other parts of the UK, (21% experiencing it compared to the UK average of 16.1%). At least we know *Quids in!* is reaching the parts where it is perhaps needed most.

In terms of creating a profile of social tenants and *Quids in!* readers, it is vital to understand their relationship with IT and the internet. Digital engagement and the division between those who are and are not online will become critical issues as communications from government, authorities and landlords tend to rely on electronic media more and more. Job opportunities and accessing benefits (specifically UC) will depend upon it, as will making use of financial services, and, increasingly, the best deals will be available to those who shop around online. Digital skills are now key to financial capability. One in five respondents (21%) told us they have no access to the internet, (as opposed to 22% in 2014). Two in five had internet access via a PC at home (41%, compared to 45% in 2014) and/or a smartphone (43% versus 25% in 2014). It is also interesting to note how few (5%) have a job that provides access for them to the internet.

We dug deeper into where and how people do access the internet. We asked all readers how they use it and the chart below gives hugely useful insight into tenants' habits and also how we might engage with them online. Of those who responded online, over four in five (84%) are frequent internet users and almost two thirds are competent with email (63%), online forms (61%), banking (61%) and shopping (60%). Around half could be engaged through YouTube (50%) or Facebook (55%) and a fifth via Skype (22%). Half can, and therefore half cannot, find the advice they are looking for. Predictably lower is the capability among people who responded by post but these include a mix of people who have digital access and those who do not.



4 TENANTS AND THEIR MONEY

Money

90% struggle to some extent with managing money

74% do not save for unexpected setbacks

40% do not use a bank account

59% do not have home contents insurance

16% faced serious financial problems

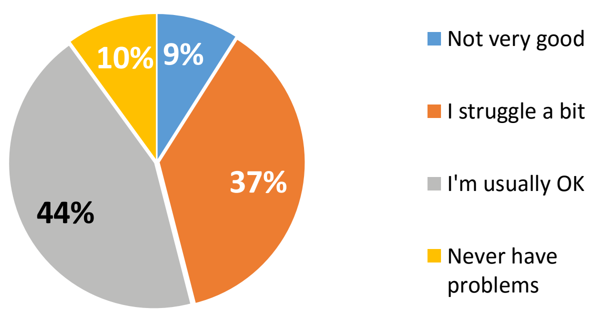
Source: 2016 Quids in! Reader Survey (of social tenants)

HOW OUR COMMUNITY MANAGES

It is important to understand how respondents told us they view and attempt to manage their finances. This is our starting point. The figures in this section apply to social tenants of all ages and backgrounds but we will return to some of the key findings here to distinguish between the habits of retired, full-time employed and working age but not in full-time employment respondents in a later chapter.

Just one in ten (10%) of respondents told us they never have a problem with managing their money. Two fifths (44%) said they're usually okay (but not always), 37 per cent struggle a bit, and nine per cent think they are not very good. All these responses are subjective, of course, and research by MAS and others has found many people do not realise they have a problem to manage, even before they decide whether or not to address it. Sixteen per cent said they faced serious financial problems.

Managing money



Later we will return to how these money worries impact on tenants' lives and the implications for landlords, authorities and agencies working with them. As we take an overview of the toll these financial concerns take – on relationships, on people's mental and physical wellbeing, on their ability to work or find work – it is also important to understand what facilities they can access, or feel they can.

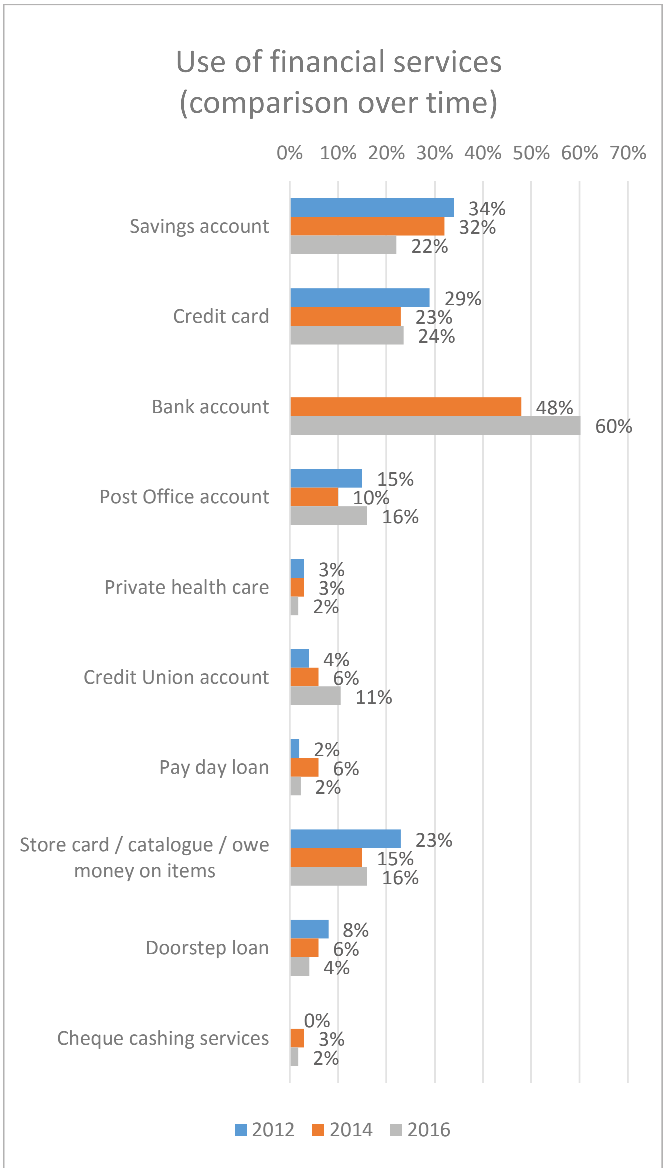
BANKING ON FINANCIAL SERVICES

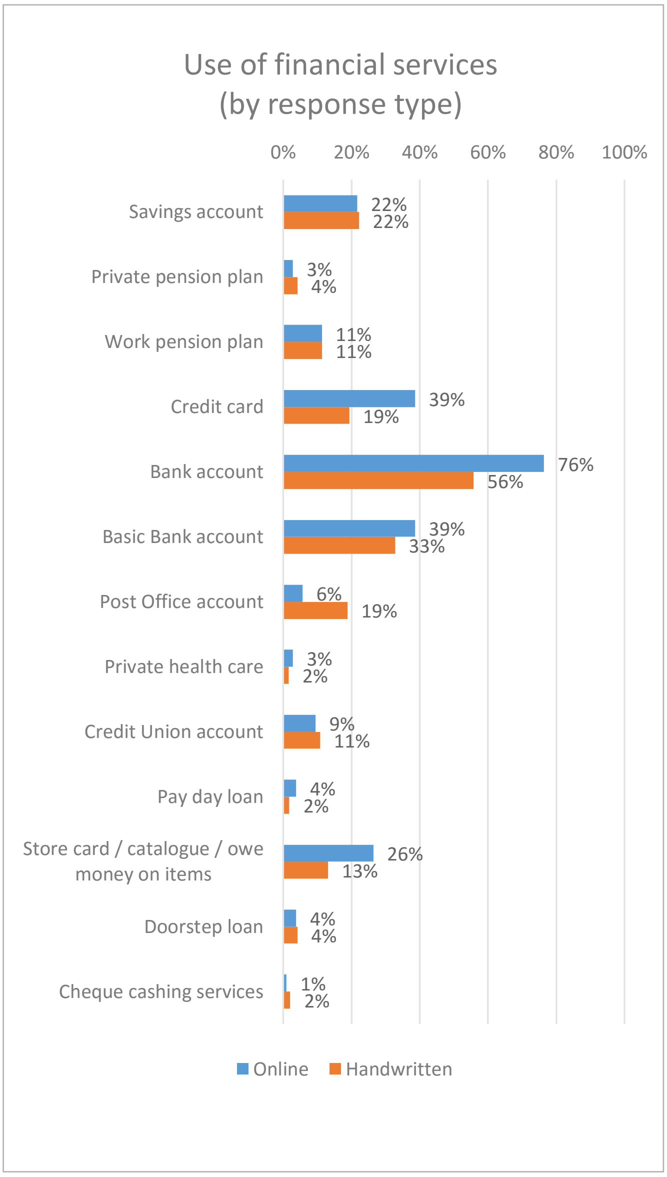
A recent report by the Financial Conduct Authority (FCA)[7] on access to financial services found a range of obstacles. Identification issues barred many from opening accounts, resulting in 1.5 million UK adults remaining unbanked. Our research found one in twenty (5%) could not open an account as they did not have ID. The drive to online services shut out customers, the FCA said, where 3.8 million households have no internet access at home and one in five lack digital skills. One in four high street branches are expected to close as more digitally included people bank online, exacerbating issues for rural communities who often also have poor broadband coverage. It also found consumers caught in "a maze of impersonal processes with decisions made by computers instead of people", lacking transparency and leaving people falling foul of algorithms or poor record-keeping.

In the context of Universal Credit, Martin Lewis from moneysavingexpert.com described the situation as 'a civil rights issue' if claimants are penalised for not using a system they are barred access from[8]. He likened this to the so-called Spare Room Subsidy (aka Bedroom Tax) where smaller properties were not available even when claimants hit by the cap were prepared to move. While there has been progress on making Basic Bank Accounts (with direct debit facilities) a right of all consumers, it remains to be seen how fast government, regulators and finance institutions move to combat other aspects of financial exclusion and ensure fairer access to all.

In 2014, we saw a marked drop-off in use of financial services compared to 2012. The picture is a little more mixed in 2016 but there are some encouraging signs:

- Respondents are returning to using bank accounts more. In 2012 we found 85% had an account but in 2014 we asked how many used one and just 48% said they did. We acknowledged this distorted the picture. This time we asked both about having and using a bank account; 63% have one, 60% use one. This suggests trust in banking services is returning a little but not to the levels shown in 2012
- More people are, however, using a Post Office (16%) or Credit Union account (11%), both of which outstrip use in 2014 and 2012. Neither are totally ideal in the context of UC, as they can be limited in functionality or coverage respectively
- With UC in mind, the government has agreed with nine retail banks that Basic Bank Accounts will be available to all. There is no comparative data on these but a third of respondents (34%) report having these already, although many are still finding ID issues prevent them accessing even these
- Use of payday loans and doorstep loans has decreased (to 2% and 4% respectively), which is good news and tallies with a significant drop off of the number of people reporting problems meeting debt repayments (from 57% in 2012, and 41% in 2014, to 30% in 2016), which we return to later. Cheque-cashing services have also decreased but not yet to the low levels of 2012
- We asked about pensions and just 4 per cent have a private pension while 11 per cent have a work-based pension. The question format was changed in 2016 to





reflect new legislation around the latter. However in previous surveys we found 8 per cent in 2014 and 13 per cent in 2012 had a pension plan of some kind. The impression is that there is some progress although the vast majority do not appear to have a financial cushion lined up for retirement.

Consistent with previous surveys, we also found online respondents were more likely to access financial services. The figures above combine postal and online returns but disguise trends such as use of a bank account where three quarters (76%) of online respondents used a bank account while just over half (56%) of the rest did. Alternative types of accounts were more likely to be used by people who posted their surveys, with 19% having a Post Office account compared to six per cent of those online, and 11 per cent had a Credit Union account rather than nine per cent of online respondents.

It is worth noting here that having reviewed the processes and claimant experience around Universal Credit, the Social Publishing Project has identified access to banking as a critical issue for individuals facing challenges in managing direct, monthly payments. The facilities on offer are taken for granted by many of us, who use direct debits to pay mortgages and rent without thinking. For people refused an account or disinclined to use one, this creates an immediate disadvantage and a knock-on risk for landlords and other creditors. SPP also identified being online as another critical success factor for accessing UC; the better access to financial services seen from the survey among digitally included groups adds weight to this.

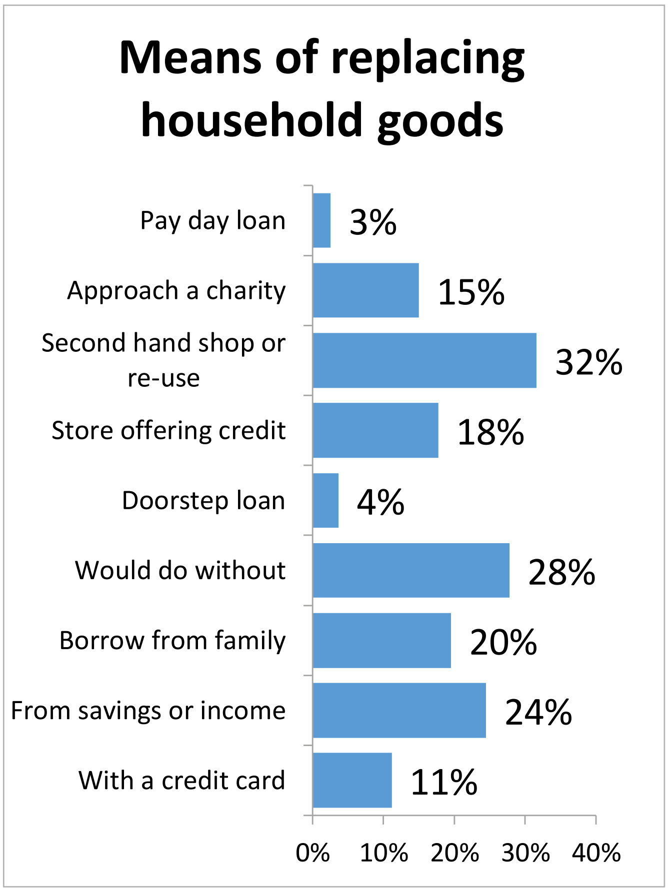
Understanding this inequality however requires empathy. Some people do not trust the institutions. Some cannot physically reach one (in rural areas or small towns where local branches are being shut down) or lack the IT skills or access to make use of them digitally. Some have to manage budgets so tightly, they would rather control the day payments are made, especially when juggling debt, than leave it in the hands of others. For all the laudable reasons to make UC reflect the norms of salary payments, it overlooks that claimants do not always live their lives the way employed people can afford to.

ON BORROWED TIME

Significantly, the impact of tight regulation on the payday loan industry has had an immediate effect, with use of them dropping from six per cent in 2014 to two per cent now. Similarly, a decline in the use of other high interest or potentially illegal borrowing[9], as shown above, suggests regulation is not the only factor. Equally plausible is an increased awareness among consumers of the dangers of high interest borrowing or of loan sharks, thanks in large part to the work of stakeholders operating in the field of financial capability. Certainly one of Quids In's original objectives was to empower consumers to make more informed decisions when confronted by tempting but unaffordable credit – something readers acknowledge we have influenced them over.

It is possible that this is also reflected in the numbers of people reporting difficulty with debt repayments as this has dropped significantly and consistently over six years. In 2012, 57 per cent of readers told us they struggled with debt repayments, 41 per cent in 2014 and 30 per cent in 2016. A lot of investment has been made into free debt advice services and it could be that the message is getting through. However, we should sound two notes of caution: firstly, it is highly likely that debt crisis is under-reported; and secondly, these findings are counter-intuitive and warrant further investigation with larger samples and more rigorous data gathering.

We have already seen that slightly more people are using



credit cards now (24%) than in 2014 (23%), although not as many as in 2012 (29%). The use of credit differs by work status too with two in five full-time employed respondents (40%) using a credit card (compared to 19% of working age not in full-time employment and 30% of older people), and six per cent of working age not in full-time employment taking a doorstep loan (as opposed to 2% for full-time employed people, and no older people.

We also asked how readers would replace a washing machine and found more than one in ten (11%) would put their credit card to use and one in five (20%) would borrow from family, while three per cent would use a pay day loan and four per cent would seek a doorstep loan. The almost two in five (18%) who would use a store offering credit are at particular risk of being sold over-priced goods, charged unnecessarily high interest, and forced to take on unreasonable on-costs, as high street stores have sprung up nationwide targeting low income householders with limited access to affordable credit or without means to shop around and find alternative suppliers online. This figure is worse than in 2014 (16%) and 2012 (15%).

We will return to where people access advice and how effective they find it but as we review respondents' attitudes to borrowing it is worth noting that 36 per cent of respondents said they sought advice on debts of any kind. We would also note that 18 per cent of readers told us they would think twice about high interest loans after reading *Quids in!*, but we'll come back to that later also.

FINANCIAL RESILIENCE

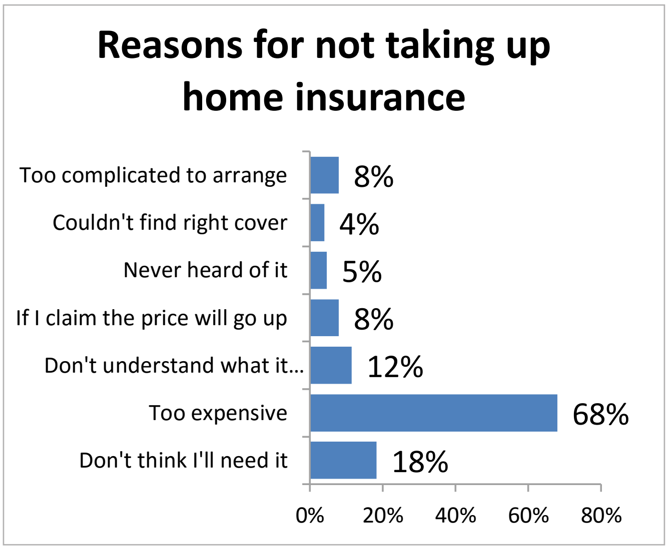
According to StepChange[10]: "Thirteen million people in the UK lack the savings to keep up with essential bills for just one month if their income dropped by a quarter" and they say a nest egg of £1,000 would protect half a million households from problem debt. The findings from our survey shows a mixed picture with just one in five (22%) using a savings account but two thirds (66%) saying they saved for things they wanted to buy, which may reflect that with interest rates at an all-time low there is little incentive to use a savings account:

- Just 22 per cent of social tenants surveyed used a savings account
- An encouraging 66 per cent said they saved for things they wanted to buy
- 31 per cent regularly save to cover unexpected expenses
- 10 per cent had sought advice on their savings

Beyond savings, we can see individuals thinking about pensions. It is worth noting that this is also an area affected by regulation with the introduction of work-based pensions using an auto-enrolment policy that makes participation the default option. This is good for take-up but employees may not be conscious of the decisions, for example when responding to a survey, (although not all workplaces have it in place yet). Although improving on recent years, planning for pensions is not much better than it is with saving, as just four per cent said they have a private pension plan and eleven per cent have a work-based pension.

Another key indicator of tenants' financial resilience, especially to big shocks, is levels of home contents insurance. Just 41 per cent reported having a policy in place. Given our relationship with Aviva (who sponsored this research), we chose to look in more detail at this issue to understand consumers' reluctance. By understanding the implications of these findings, we can begin to consider messages and interventions, although these might be presented alongside other ways consumers might also improve their resilience.

As the diagram above shows, 24 per cent say they would be able to turn to their savings (or draw on their income) if a key white goods item such as a washing machine broke down. This compares to 29 per cent in 2012 and 22 per cent in 2014, repeating the same pattern as for other indicators where things have improved but not to the levels of 2012.



5 RESILIENCE: IMPLICATIONS FOR TENANTS, LANDLORDS AND OTHER STAKEHOLDERS

Resilience

18% were in rent arrears

46% had fallen behind with bills

47% felt frightened or anxious due to money worries

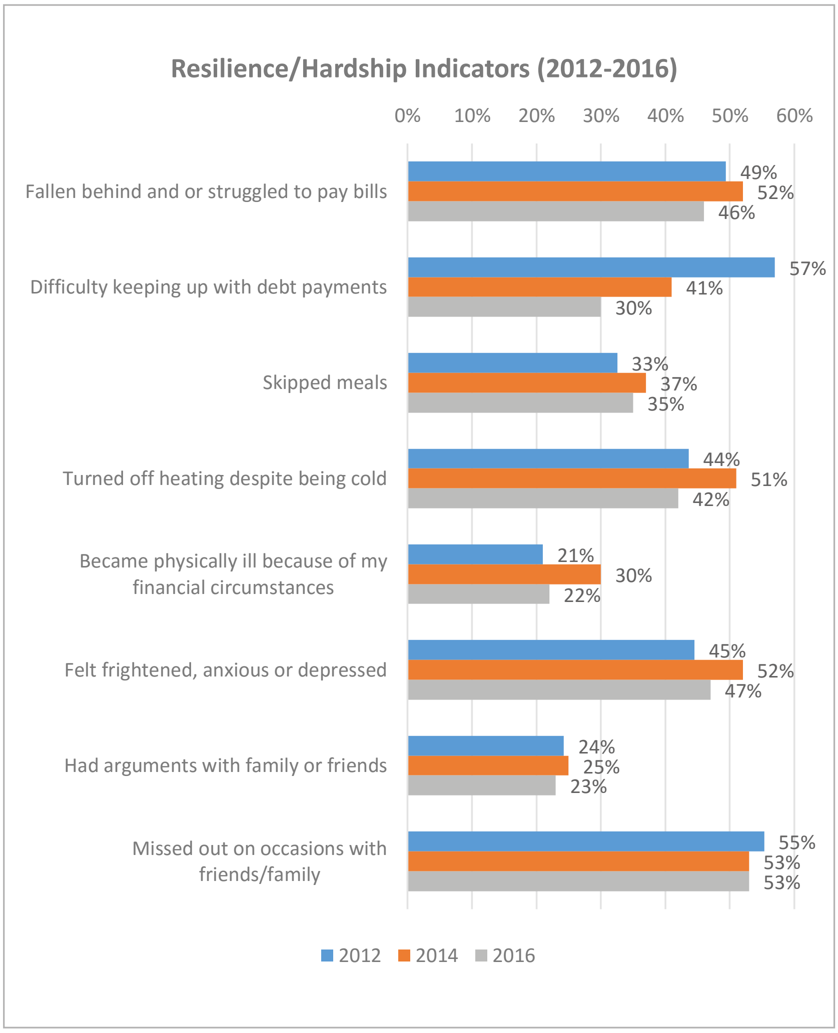
35% skipped meals

30% struggled to maintain debt repayments

Source: 2016 Quids in! Reader Survey (of social tenants)

BAD TIMES FOR GOOD TENANTS

Time and again, the snapshot of respondents' wellbeing has revealed the most troubling of all our findings. We have consistently used the same hardship indicators over the past three surveys and these now paint a picture of trends over time with regard to the impact of money worries on tenants' wellbeing. It is important to know how people view their money and how they attempt to manage it but what really matters is the difference it makes to people's lives. On one hand, this helps us understand consumers' motivations, and how stakeholders and interventions like *Quids in!* magazine can better frame messages around how taking action may benefit their lives. On the other, it reminds us how important work around financial wellbeing is because it is directly linked to individuals' general health – we asked about impacts caused specifically by money worries.



From the chart we can see how respondents' indebtedness may have improved over previous years but their health is only slightly better than in 2014 and has yet to reach the levels seen in 2012. Those falling behind with bills is down marginally to below half (46%). Most impressive, however, (and on account of its notability, worthy of further exploration), is the decrease in numbers struggling with debt, which fell from 57 per cent in 2012 to 30 per cent this year. This could be down to successes in education about high interest borrowing, regulation of payday loans companies, and/ or more limited access to borrowing across the board. It should be noted that debt is notoriously under-reported by consumers and there were no mechanisms to push this issue within our study.

This year we asked about how tenants are faring with rent and found one in five (18%) have fallen into arrears. Although this is a new question for us and covers the whole of the UK, for comparison the 2013-14 English Housing Survey[11] found 15% of renters not receiving Housing Benefit were in arrears. It is predicted that migration to Universal Credit will significantly alter this picture as early pilots found a staggering one in four claimants (see endnote 3) were in rent arrears by the time they received their first payment and this was before they addressed the money management challenges of direct payments.

Issues around the resulting health impacts caused by money worries is an ongoing concern with a fifth (22%) suffering physically, almost half (47%) struggling emotionally with potential mental health implications, and a third (35%) skipping meals while two fifths (42%) go cold by turning off heating. We can also see that athough the impact of money worries may have improved on the2014 figures, it has only changed a little. We should not be complacent. These hardship indicators remain unacceptably high. The pernicious effects of financial difficulty are highlighted by how it unpicks social support mechanisms, causing arguments among family or friends for 23 per cent or forcing 53 per cent to miss out on social occasions. These figures show little change from previous research. All these factors conspire to undermine individuals' wellbeing, which in turn, erodes their ability to cope with and address financial hardship by facing up to it, seeking help or finding employment.

COPING AND SUPPORT

Resilience is not only about how badly money worries are crushing tenants. To understand it, we also need to look at the steps people are prepared to take to cope. The picture here, however, requires some thought. Eleven per cent cut their broadband and we would see this as a short-sighted step, given the financial advantages of being online. A quarter (26%) used an online switching service to cut fuel bills, which would be encouraging had this figure not been 33 per cent in 2014, showing a significant downward trend. Indeed, it could be argued that skipping meals and going cold is in fact a measure of good housekeeping but this is way beyond the threshold of how *Quids in!* would advise its readers to respond to financial pressures. The other indicators on resilience are on preparedness to seek help and we will return to the issue of advice.

Landlords are already nervous about the security of revenues from tenants on benefits. Our research provides useful context and helps landlords, authorities and support agencies consider what is going on in their communities, especially for vulnerable people. This can help engender a supportive culture without undermining the necessary business approach to managing risk. Indeed, acknowledging that tenants' wellbeing is good for organisations' sustainability could prevent an 'us and them' rift between landlord and tenant, for example, or worse, a distinction between so-called good tenants and 'bad'.

To target interventions efficiently, more detailed analysis is required. As mentioned above, the Social Publishing Project is exploring ways to segment the market and target those at risk with more salient information. Other initiatives are also emerging to help identify tenants who are at particular risk, including the Rental Exchange scheme led by Experian and RentSense by Mobysoft Housing Intelligence. We hope these will enable support to be more effectively delivered, rather than 'weeding out' higher risk tenants in the way some landlords are testing prospective tenants' financial capability before offering them accommodation.

WORK STATUS AND FINANCIAL WELLBEING

We were particularly interested in the experience of WANFTEs – ie, those who are working age but not in full-time employment. They are the group most likely to be affected by Universal Credit as it is rolled out. They are most likely to be in the social segment the Money Advice Service describes as 'Struggling' and most likely to be considered by landlords as 'high risk'. Intuitively, this group is the least likely to be financially resilient in general, let alone once confronted by UC, so we wanted to explore resilience among this group in particular.

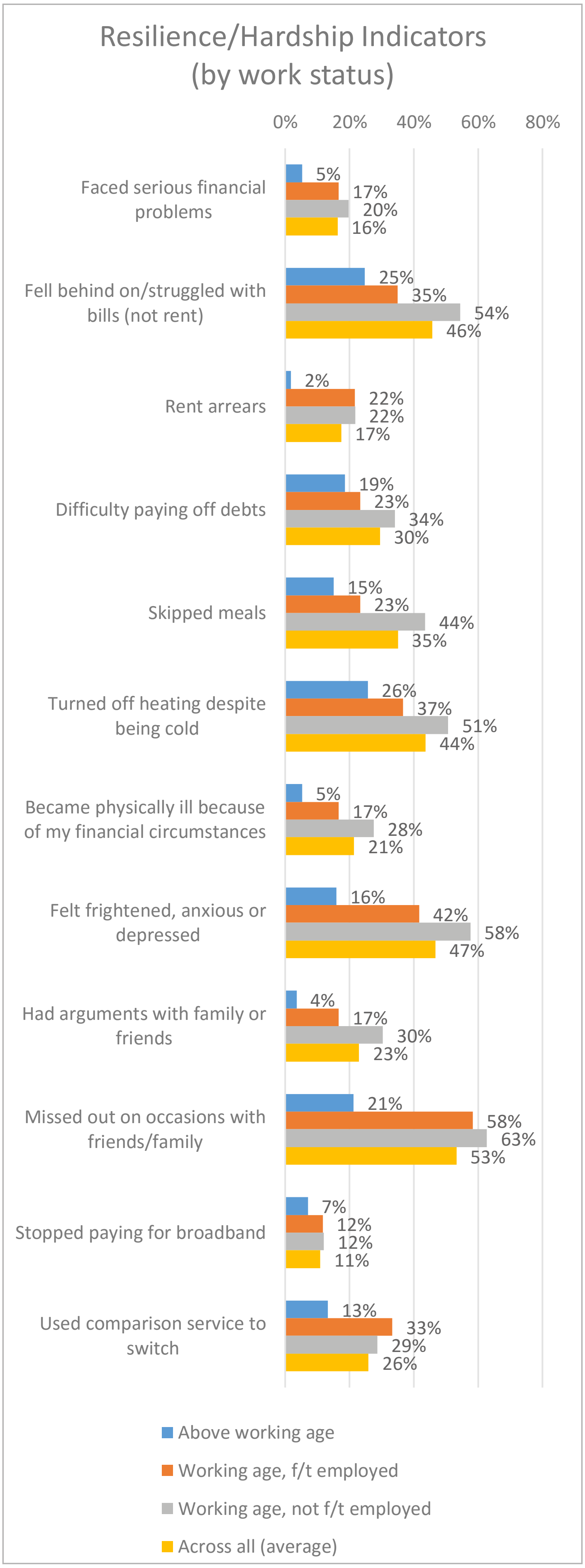
We are not, however, trying to raise yet further fears about the risks posed by this vulnerable group and their ability to manage their money. Many have had to institute incredibly sophisticated, if informal, ways of micro-managing monies in and out: for example not leaving payments to automated dates (direct debit) but ensuring the funds are available before committing them, perhaps even in cash. What matters here is our understanding of the challenges this group faces, to which we call on all stakeholders to respond when reviewing the interventions that are or could be made.

Starting with money worries, the comparative chart on the right shows how the three groups describe their money worries. Immediately we can see that more than half those not in full-time work (54%) are struggling with bills, compared to a third in full-time jobs (35%) and 'just' a quarter (25%) of older people – clearly the average masks these inequalities. One in five (20%) of WANFTEs also say they face serious hardship, worse (but only just) than full-time employed people (17%) and older people (5%), with the average being 16 per cent. All working age people are struggling equally with rent arrears (both 22%). Yet all health-related and social indicators also show WANFTE's suffering most.

Picking out the issues that will affect Universal Credit claimants we believe many will face the triple threat of finding appropriate banking facilities (to manage direct payments), difficulty budgeting (to keep essential outgoings safe when receiving large monthly lump sums), and problems getting online (where UC will be claimed and managed online). Claimants will also have to manage a seven-week income hiatus. WANFTEs told us:

- 56% use a bank account, (36% a basic account)
- 17% use a savings account
- 27% save for unexpected expenses
- 18% use a Post Office account
- 13% say they are 'not very good' at managing their money, 41% say they 'struggle a bit'
- 35% say they have no access to the internet
- 65% say they cannot fill in forms online unaided
- 67% do not have home contents insurance

It is not all about the WANFTEs, however. Many full-time employed people (and older people) live in poverty and although they may fall into the 'squeezed' segment as defined by MAS, they are at high risk of falling into the 'struggling' category. In terms of this report, stakeholders should be considering interventions aimed at these too. They could easily be claiming, or entitled to, welfare benefits and might be affected by Universal Credit or other reforms. Low paid and part time workers are also often overlooked when it comes to support programmes and can be difficult to engage due to their limited availability, but they are no less deserving. Prevention here is almost certainly more cost-efficient than the cure.



6 INTERVENTIONS: QUIDS IN! AND WHO TENANTS TURN TO

Quids in! Since reading Quids in! magazine:

33% think more carefully about finances

18% now think twice about high interest loans

14% understood more about pensions/ benefits

18% realised they needed help

8% decided to get help

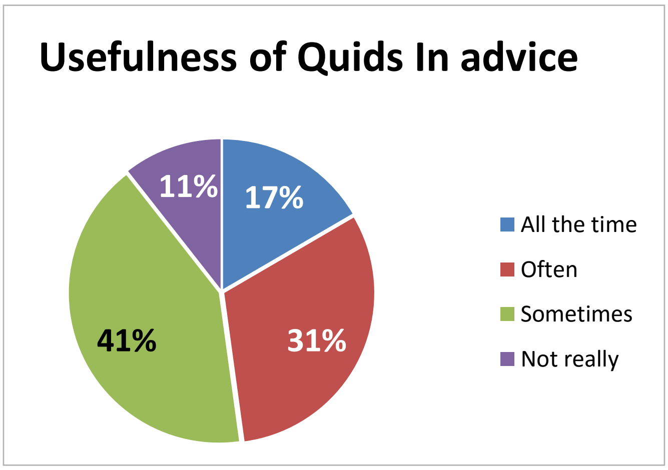
Source: 2016 Quids in! Reader Survey (of social tenants)

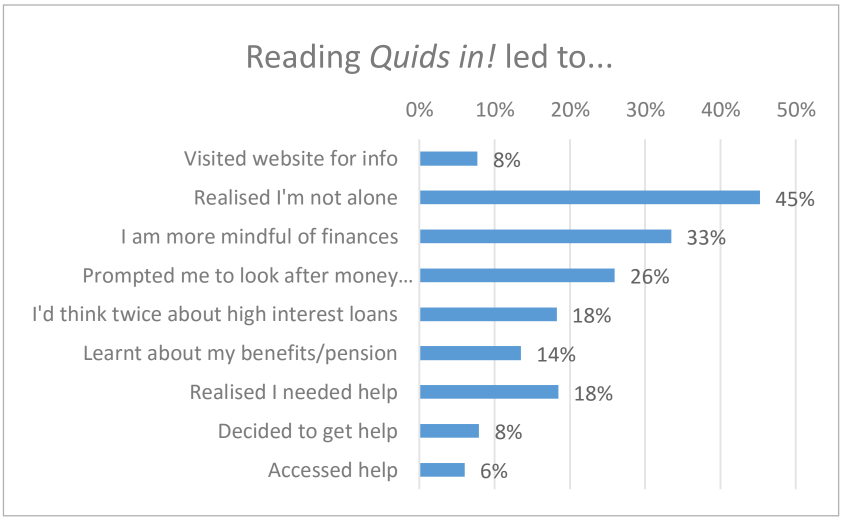
ARE WE FEELING QUIDS IN? (IMPACT)

We almost uniquely occupy the space before and shortly after consumers have recognised they may have money worries they might want to address. *Quids in!* is in their homes, engaging them with familiar faces, bright images and bold headlines. While it has been landlords and local authorities that primarily buy us in, we are independent and able to say things stakeholders, who are often creditors, cannot. We have a relationship of trust but we recognise what is good for one set of customers is usually good for the other, so messages about prioritising payments and accessing help when it's needed suit everyone. This research shows our words are prompting actions.

We recognise the importance of evidencing our impact. An encouraging 17 per cent said they found *Quids in!* useful all the time. Just under a third (31%) said they find it useful 'often' and 41 per cent said 'sometimes'. Just one in ten (11%) did 'not really' find the magazine helpful.

Created with support from the MAS, our Theory of Change (ToC) identifies how our work paves the way for consumers to recognise issues, resolve to take action and ultimately change their behaviours and/or access support services. We explored how readers responded to the content of the magazine, drawing on this ToC. A third (33%) think more carefully about their money and a quarter (26%) would look after their money better. Gratifyingly, one in five (18%) would think twice about high interest lenders. Supporting our ToC, we prompted 18 per cent to realise they needed help. Eight per cent then decided to get help and six per cent actually acted on this. Prompted by a letter from a reader who told us how important this was, we asked how many realised they are not alone and found almost half (45%) were conscious of this effect, something we learnt is highly valued.

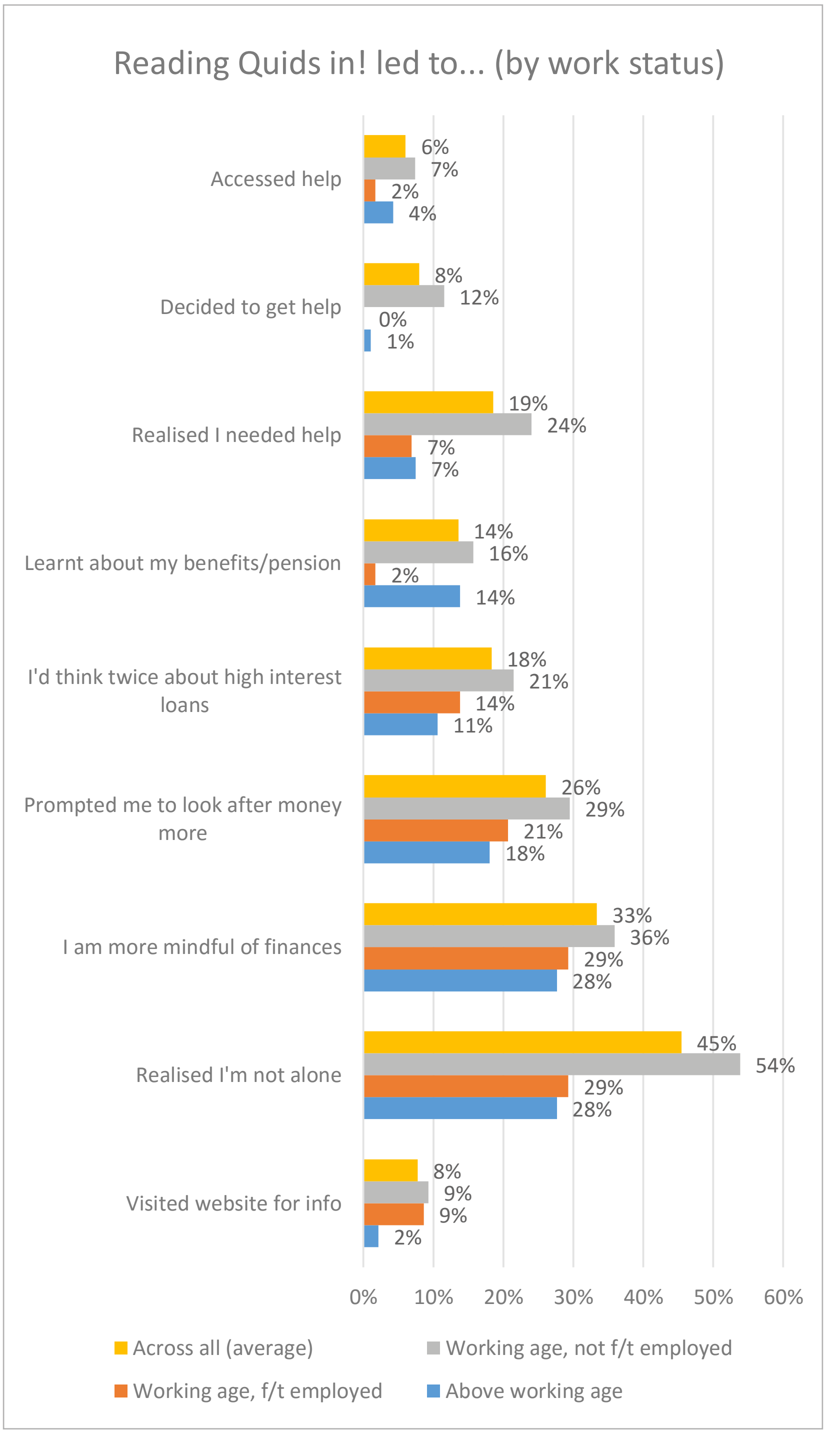




For many in the hardest to engage group, defined by MAS as 'struggling' and most likely to be over-indebted and in poverty, just reading an article, opening a creditor letter or checking the bank balance would be a step forward. Beyond reading an article, any signal of shift in attitude is a result. Not all social tenants are in this position. They range from 'disengaged' to actively using money management skills – many are excellent budgeters – and *Quids in!* tries to offer something to them all.

It was encouraging to see working age readers not in full-time employment (WANFTE) were slightly more appreciative to the magazine. We found 18 per cent of this group found *Quids in!* useful 'all the time' (compared to 17% across all work status groups) and 33 per cent found it helpful 'often' (versus 31% on average) This difference became more marked in how readers responded to content and it is interesting to note that despite making a bigger impact, these readers only appear to value the magazine slightly more. Every indicator demonstrates a bigger impact among this group and these impact findings will be treated as benchmarks upon which to build.

The mainstream media continues to overlook the hardships faced by millions of low income households, although tabloid publications engage them well, so *Quids in!* plays a vital role in providing socially responsible, apolitical, non-commercially driven journalism. Martin Lewis' consumer champion role as the Money Saving Expert reaches our audience through TV but his website is dense and difficult to navigate for people with poor literacy or low IT confidence. He acknowledges there is a gap in provision and called on the Money Advice Service to support "provision and financial inclusion for the people who aren't reached by websites and financial advisors… going for the vulnerable communities". This is what *Quids in!* does. Our survey proves it.



Numerous Money Advice Service events in the past year or two have repeated the questions 'How do we reach those who are struggling?', 'How do we engage them?', and 'How do we inspire them to act on the issues they face?' The evidence from our research is that we are playing this role. The figures on how readers respond seem reasonable and proportional, and better than advice agencies – and possibly MAS itself – achieve, and come about because we are in their homes and in their hands. But this impact is just the start for *Quids in!*.

SAVING OUR READERS?

We asked readers how much they might have saved by following advice in the magazine. We were conscious that this was an impossible question but the purpose was to assess readers' perception of value, even if they only gave us the impression they felt the magazine was worth receiving. Most people were inevitably unsure but around eight per cent hazarded a guess at some sort of saving. These ranged from 'a little' and 'a few pounds', through £10-£30 a week or £50 a month, to £500 and even '£2-3,000 PA'.

We will try to increase the perceived value of the magazine both for readers and purchasers. For paying customers – landlords and authorities – circulating details about our impact on readers' ability to manage their rent, access benefits and deal with financial problems is essential to support the business case for investing in purchasing the magazine. This reader survey serves this purpose to a large extent. There is some value in considering a full Social Return on Investment (SROI) analysis. It would be useful to place a specific value on each copy of *Quids in!* but in our experience, SROI's can often seem exaggerated just because good projects do have a massive impact. What we think would be more beneficial in this case is to work towards including reader offers that have a tangible value in their own right; 'a free doughnut at Greggs for every reader', for example. This, and more targeted offers through channels outside the magazine would continue to build perceived value to readers.

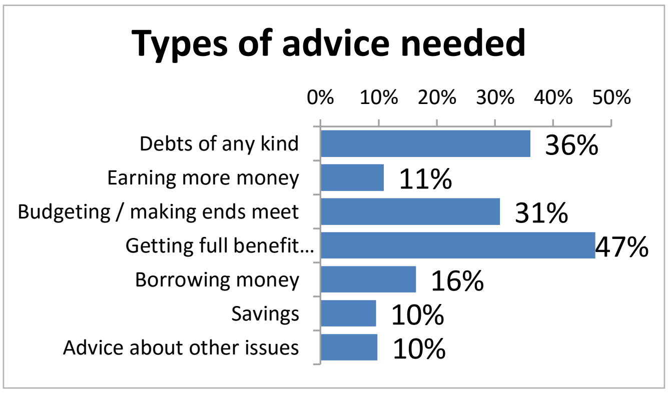
SIGNPOSTING ADVICE

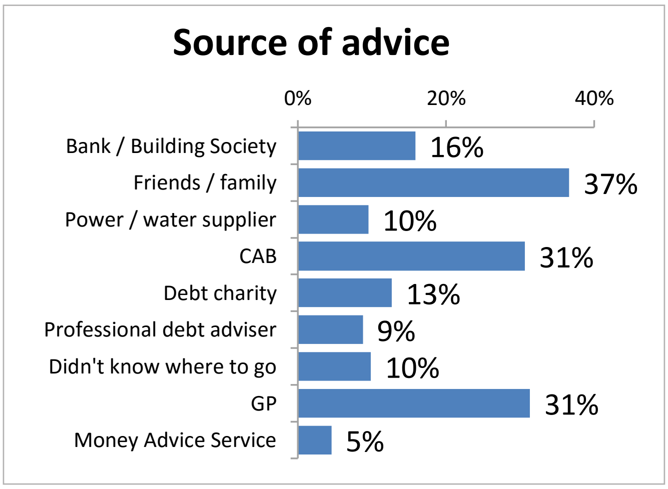
In the two years since the last survey, the Social Publishing Project has created closer ties to its peers in the financial capability arena. Our work with advice agencies around the country, through 'FinCap' forums and financial inclusion networks, engagement with the Money Advice Service and Financial Conduct Authority, and reporting on developments for the Quids In Professional Network's monthly newsletter inevitably grew our understanding of our role in context of everything else around us. The latest survey took account of this.

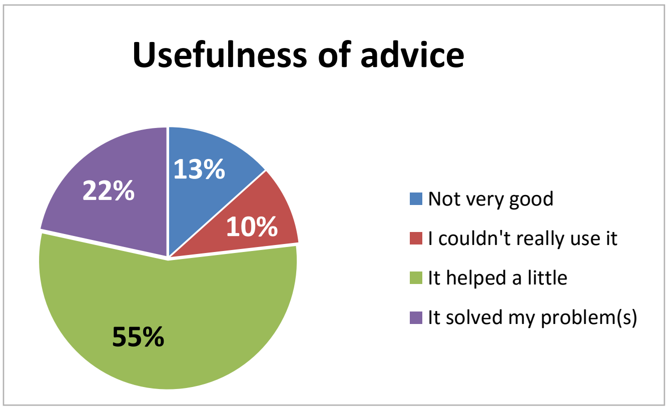
Many respondents have reached out for advice in the past year. They sought help ranging from advice on debt and borrowing to savings and maximising their income. Interestingly, the advice sought most (by 47%) was individuals checking they were receiving all the benefits they were entitled to. More than one in three (36%) asked for help with debt and slightly fewer (31%) looked for advice on budgeting and making ends meet.

Respondents were most likely to turn to friends or family for advice, with 37 per cent doing so. Interestingly, many (31.3%) turned to a GP, which is consistent with findings that money worries directly impacted readers' health. This raises an important question about the quality of advice people receive when not from an adviser with, or with ready access to, money management expertise. Surprisingly, fewer (30.6%) turned to Citizens Advice. There also remains a deficit in the signposting to services as ten per cent did not know where to go at all. There are some clues here about new partners *Quids in!* could work with in health, and the importance of extending our reach and making the information about the support available more 'front of mind' for readers.

On the issue of quality of the advice people received, respondents said they found advice most often 'helped a little', which over half (55%) of all respondents reported. Encouragingly, advice did solve the problem for over one in five (22%). Thirteen per cent reported that the advice was 'not very good' and, presumably with frustrating results, ten per cent said they were 'not really able to use it'.







7 CONCLUSIONS

TENANTS AND THEIR MONEY

It is not unique to social tenants that the majority struggle to some degree with their money. They are, however, at the epicentre of significant changes, notably around welfare reform. Working age tenants' ability to adapt or cope and the consequent implications that could affect their wealth (and then their health) is what we are interested in here, as well as how well they are doing already. This research provides evidence that social tenants require more support to be resilient in the face of poverty, poor access to appropriate finance services, and the challenge Universal Credit poses.

Key areas for stakeholders, such as landlords, authorities and support agencies, on money issues:

- Levels of financial capability: 9% 'not very good', 37% who struggle
- Access to appropriate banking facilities for budgeting and managing UC / direct payments: 40% not using a regular bank account and 5% turned away from banks due to inadequate ID
- Ongoing activity required to eradicate inappropriate high interest borrowing with attention perhaps turning to those who would turn to a high street credit store to purchase white goods and furniture
- Promotion of savings for unexpected issues, immediately to address the seven-week transition to UC, but also to weather general setbacks with a £1,000 buffer; also promotion of home contents insurance and, longer term, of pensions
- IT skills and internet access must be improved to ensure all tenants access benefits, advice and services, and the financial and social benefits of being online

RESILIENCE: IMPLICATIONS FOR TENANTS, LANDLORDS AND OTHER STAKEHOLDERS

Landlords are only too aware that increased insecurity for tenants means a higher level of risk to their businesses. There is a symbiotic relationship that cannot only be addressed long-term through tighter financial controls and excluding 'bad' tenants, which may call into question the purpose of social housing. By understanding the impact on the community's wellbeing, however, it becomes clear that what is good for the tenant is good for the landlord. Residents' health is in decline specifically on account of money worries and there can be no bigger incentive for them to engage in programmes designed to help them organise their finances and stretch money further.

All stakeholders should:

- Highlight ways to mitigate the health impact of poverty through support of foodbanks (in emergency) and healthy eating initiatives, promotion of energy saving schemes and their financial benefits, and de-stigmatising mental health support and encouraging social contact with neighbours, families and friends
- Target working age residents not in full-time employment with support but also preventative action in the lead up and migration to Universal Credit, promoting savings, appropriate bank facilities and access to IT
- Research and promote local best practice on access to appropriate banking facilities
- Raise the profile of independent debt and money advice and encourage best practice among creditors

INTERVENTIONS: QUIDS IN! AND WHO TENANTS TURN TO

While it is not the only intervention in town, this research is naturally interested in the impact of *Quids in!* magazine. The research bears out feedback received that we have unique reach and could play an increasingly important role engaging social tenants, highlighting issues they should be concerned about and building a bridge to services. Those services have work to do too, to target hard-to-engage groups, partly by ensuring advice does better than solving the problem for just one in five. We also need to link consumers to specialist advice, beyond informal networks and GPs.

- *Quids in!* will benchmark its impact indicators and improve outcomes by 2018, especially around numbers realising they need help, deciding to get help, and accessing it
- We will find ways to add the perceived value of the magazine and SPP activity in general, to engage consumers better and to enter into more partnerships with landlords, authorities and commissioners
- With 47% seeking advice on benefit entitlement, all stakeholders should make information more available
- All stakeholders should improve signposting to specialist, money management advice
- Stakeholders should build two-way partnerships with health bodies and GPs, sharing information and signposting specialist services

8 ACKNOWLEDGEMENTS

WITH THANKS TO...

Thanks to Danny Friedman and his colleagues at Cobweb Consulting for leading on the research methodology and analysis. Thanks also to our sponsors who not only made the research possible but contributed to its design. We acknowledge the support of social landlords and local authorities who distributed the survey with or without *Quids in!* magazine and of course readers who took time and trusted us with honest feedback about their finances. We hope (and intend) the findings of this report continue to build our collective understanding about the help people on low incomes need to better manage their money and increase their incomes.

MEARS

Making People *Smile*

Mears is the leading social housing repairs and maintenance provider in the UK and a major presence in the homecare and support market. We repair and maintain over 700,000 social homes and provide personal care to over 30,000 elderly and disabled people Our broader housing service incorporates building new homes, as well as housing management and maintenance. Our customers are at the heart of everything we do and our culture centres on serving the communities in which we work and in making a positive impact on the lives and welfare of the people living within them. We aim to deliver a leading and trusted customer experience, shaped around customer feedback.

AVIVA

Aviva is the leading insurance and savings business in the UK and Ireland with 16 million customers in the UK. We became an accredited Living wage employer in 2014 and currently chair the Living Wage Foundation. For over 20 years Aviva has worked with social landlords and broker partners offering tenants both affordable and easily accessible home contents insurance to provide valuable protection for their belongings. We now work with over 100 landlords (mainly councils and housing associations) across the UK offering schemes tailored to the requirements of social tenants who may otherwise be excluded from financial products.

ENDNOTES

1 Source: Save the Children: Why VAT must not go up (April 2010) [https://www.savethechildren.org.uk/sites/default/files/docs/Why_VAT_must_not_go_up_1.pdf]
2 Source: The Body Economic (Stuckler & Basu, 2013) [http://commons.esc.edu/newperspectives/wp-content/uploads/sites/1433/2015/08/The.Body_.Economic.Why_.Austerity.Kills_.pdf]
3 Source: (Universal Credit One Year On – NFA and ARCH Welfare Reform Survey, March 2016)
4 Source: Ministry of Justice statistics: https://www.gov.uk/government/collections/mortgage-and-landlord-possession-statistics
5 Source: The Gender Gap - Do Men and Women Handle Debt Differently? (Huffington Post, March 2016) [http://www.huffingtonpost.co.uk/maz-deo/the-gender-gap-do-men-and_b_9516822.html]
6 A Picture of Over-Indebtedness (Money Advice Service, March 2016) [https://www.moneyadviceservice.org.uk/en/corporate/a-picture-of-over-indebtedness]
7 Occasional Paper 17: Access to Financial Services in the UK, (FCA, 2016) [http://www.fca.org.uk/static/documents/occasional-papers/occasional-paper-17.pdf]
8 Martin Lewis, speaking at the launch of FCA Occasional Paper 17, Access to Financial Services in the UK
9 As in SPP's previous surveys, no distinction is made between legal and illegal lenders as it is notoriously difficult to define, for example, a loan shark.
10 Press Release: £1,000 in savings would protect 500,000 households from problem debt (StepChange, 2015) [https://www.stepchange.org/Mediacentre/Pressreleases/Actionplanonproblemdebt.aspx]
11 English Housing Survey 2013-14, p88 (DCLG, 2014) [https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/461449/Chapter_5_Social_renters.pdf]