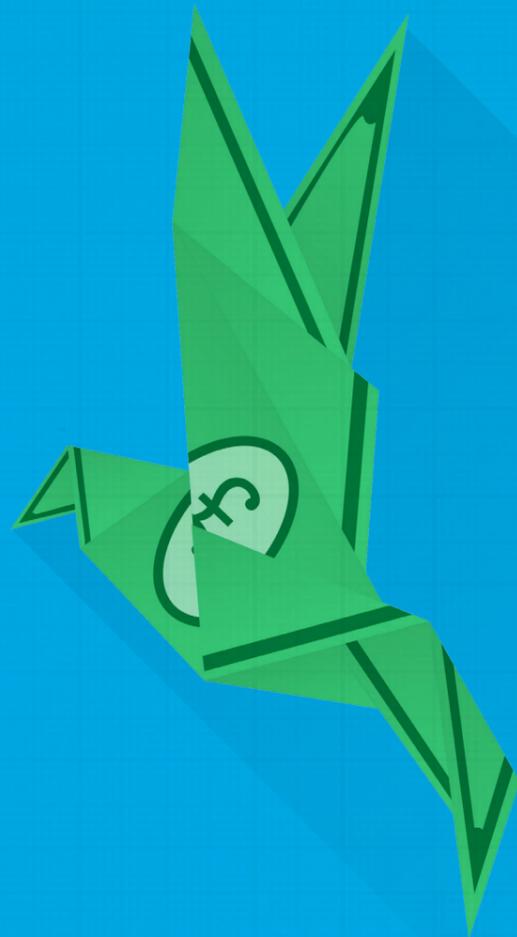


Better money behaviours

A behaviour change toolkit for engaging
Housing Association residents



This toolkit offers practical advice to Housing Associations who want to get better at helping residents with debt problems. It's designed not just with those working on financial inclusion in mind. It's also relevant to anyone who might engage with residents who are having difficulties making ends meet and paying their rent.



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From tax collection to organ donation, we've seen attempts to apply new insight across many public services in the last few years. Known as behavioural economics (or sometimes nudging), this thinking has been causing quite a stir. At the heart of this is an improving understanding of how people behave and how to nudge people towards doing the right thing. At the same time, it's becoming increasingly obvious that traditional approaches involving communicating information and education are finding it harder than ever to cut through and that new tools are desperately needed.

This toolkit is the product of 6 months work led by the London Housing Financial Inclusion Group, partnering with social enterprise Behaviour Change. It is the result of an intensive process exploring how behavioural insight can be applied to Housing Association work on Financial Inclusion. As the project has progressed, we've learned a huge amount about the residents we need to target, the tools we can use to better engage them and the subtleties required in applying behavioural thinking in such a highly charged area of people's lives.

The toolkit summarises what we have learned and divides into three key sections:

- 1 Sharing our insights into the people we are trying to reach
- 2 Setting out 12 general principles for engaging them
- 3 Providing some ideas for practical interventions which are ready to be trialled now

Underpinning this structure are three important ideas:

- In order to change behaviour, we first need to understand why people behave as they do at the moment. A big part of our project was about listening to how residents feel when they get into debt and finding out about the relationship with their Housing Association from their point of view. For many, this relationship feels more distant and less human than it once did and bad experiences around things like repairs can have a huge impact. This in turn affects how residents behave when it comes to arrears. If we want to be able to have a constructive conversation with residents at this point, we cannot expect a good relationship to suddenly appear out of thin air.
- There are many simple things that we can do to improve the ways in which we engage residents, but these will be most powerful if they run through every aspect of the Housing Association's relationship with the resident. Simply showing that you care and treating residents as people, not 'cases' has the potential to make a huge impact. Behavioural theories such as norms (showing people that the right course of action is popular and normal) also have the power to make a real difference. But this doesn't mean we should abandon any of the excellent work that is already happening - our intention is to add to, not replace existing approaches.
- It's only by testing these new ideas, learning from this and developing them further that we can move forward. This toolkit contains some of the interventions we have already researched with residents, but we are still only at the start of the journey when it comes to developing a tried and tested set of new ways of engaging with residents and changing their behaviour.

We'd like to invite people from across the sector to join us on this journey.

About behavioural theory

Behavioural economics is a new area of academic study, which works from a more realistic understanding of what makes people tick than traditional economics. We all know that the decisions people make are rarely the result of a rational calculation. However, this irrationality is in itself quite predictable and we have a growing understanding of the rules of thumb by which we choose what to do. This can help us design interventions to help people do the right thing. Behavioural economists are assembling a powerful body of evidence of what works when it comes to changing behaviour and this project has been tapping into that in order to create new approaches to engage residents and tackle debt.

1. Insights into our residents and how our relationship with them affects their behaviour

Our project has included qualitative focus groups with tenants from Hyde and Affinity Sutton, interviews with frontline staff from Hyde, Affinity Sutton, Circle Housing, Genesis, Southern Housing and Hexagon, and a review of existing research.

The people we are trying to reach:

Let's not underestimate how capable residents are:

- Doing their best to cope with very difficult lives, they aren't the kind of people who give in easily
- Many have children and are determined to give them a good start in life



But we also need to remember some of the challenges residents face:

- Many are quite isolated without a steady partner or a good network of family and friends
- They often lack the skills we take for granted (literacy, numeracy, computer skills)
- Many have medical issues or a disability to contend with
- Having kids to look after means many aren't working right now even if they'd like to be
- Those who are working or seeking work often have to contend with zero hours contracts and changes to benefits
- Just getting the basics sorted like having a working mobile phone or internet access can be difficult on a low income

Being in debt means constantly juggling which bills will or won't get paid each month:

- It's a stressful situation but one that can become part of everyday life
- Most people prioritise rent because the idea of losing your home is genuinely terrifying
- But heating your home and feeding your children matter too
- People don't really like talking about their money worries which can make matters worse



Some things to remember when we try to engage with residents:

We can't assume that they already feel close to their Housing Association:

- They'd like a straightforward, human relationship and a clear personal contact (as with an old fashioned housing officer) but in many cases this doesn't exist
- They may well have had problems getting repairs done which makes them feel like they are a low priority

When residents fall into arrears:

- It's often the result of a change such as a child being born, a job beginning or ending, a partner leaving, an illness or accident or an increase in rent or service charges
- Because they have no buffer zone, even a very small financial change can tip them over the edge. It's very hard to plan for change in these circumstances
- If it's something unexpected that has happened to them residents expect some leeway and don't see it as their fault
- A lack of good support networks, confidence with authority or aptitude for research means they can easily get overwhelmed

The Housing Association response to arrears is often seen as extreme and unfair:

- The perception of residents is that they're not informed of arrears early enough and they feel like they're threatened with court and eviction too readily
- This makes them feel distressed and scared so it's hard to act calmly and rationally

All this can make it hard to get residents to engage with money advice services:

- They can't really imagine what kind of help would be available and who would give it
- They are wary of engaging with an organisation that might be threatening to evict them

To break this cycle we need to offer the right support to help someone sort their problems out for themselves:

This means

- Doing more than just giving information
- Helping them build confidence
- Working towards a clear outcome
- Giving them positive feedback
- Showing them that they are not alone



2. Principles for engagement

1 Communicate services clearly and simply

Explain the help you can give in simple, practical terms. Be specific and tell them what's in it for them.

Many residents simply don't understand the basics of what is offered at the moment. The simple fact that a specialist money advice team exists that is separate from the income team will be news to many.



2 The words you use really matter

Positive use of language that feels like it comes from someone who cares is essential. Avoid anything formal-sounding or jargon-y.

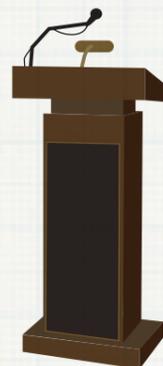
"You have been referred to the financial inclusion team" sounds formal and intimidating. A friendly and down to earth offer of help is far more likely to get a positive response. Phrases like "priority debt" or even "credit union" are likely to be unfamiliar and hard to understand.



3 Think about who is delivering the message

Can you use messengers who are trusted or even known personally by the resident? If not, try to ensure helpful messages about money advice are distinct from more intimidating ones about arrears.

Community/Resident Champions schemes could have a huge role to play in getting the message across, particularly if those involved have experienced financial difficulties themselves.



4 Allow people to choose from a range of different channels to access help

Make it easy and convenient for people to get in touch on their own terms. Set times and attending events can be a challenge so it's important to have phone, online and face to face options for people to choose from.

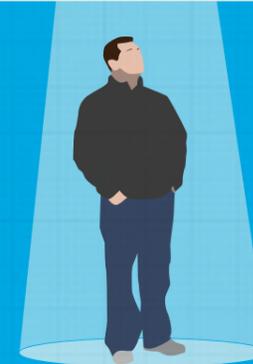
Different residents have different preferences when it comes to getting in touch. Some are comfortable online and like the anonymity it offers but at the moment very few are using the Housing Association websites. Email is more commonly used but may not be checked very frequently.



5 Don't make people feel singled out or marketed to

Don't communicate in a way that makes people feel like they are being targeted because they have a problem. Avoid gimmicks and anything that smacks of overly slick or expensive marketing.

There's a lot of sensitivity about being labelled, judged or patronised.



6 A relationship of trust must be built with care over time

How we behave in all aspects of our relationship with residents has a direct impact on how comfortable they feel in engaging with us and whether they think it is likely to be a positive experience. Poor experiences in the past have had lasting effects on many residents.

Everything is connected. Residents don't make the distinction between different teams within the Housing Association or understand that some services are delivered by contractors. If the Income team takes an aggressive approach this may get short-term results but will have a long-term effect on the relationship.



7 Acknowledge that it's common to have money issues

Most people have had a money worry at some point in their life and have succeeded in putting it behind them. Seeking help is nothing to be ashamed of.

It might be particularly effective to say how many people have been helped to date by the service you are offering.



8 Focus on aspirations, don't just talk about problems



Help people think about what sorting out their finances could do to make their lives better.

Talk with people about the things they want to achieve. Often this will be tied up with their aspirations for their children. Residents generally expect the Housing Association to know more about their personal situation (e.g. whether they have children) than is actually the case. This is likely to work better as a personal conversation than a questionnaire.

9 Allow time for people to tell their story

Talking about what has happened is a crucial first step in getting back on the right track. If we empathise with someone's problems, they are far more likely to work with us towards a solution.

By demanding immediate payment of arrears without allowing people the chance to explain their situation, Housing Associations run the risk of escalating the levels of emotion and stress.



10 Focus in on people's specific challenges rather than offering generic advice

People want to feel a direct benefit when they get advice, so try to identify the specific issue you can help them solve rather than offering to boost their knowledge or skills.

Budgeting advice may not sound very relevant to people who have to budget on a daily basis just in order to have enough money for food. Benefits advice may be just what they need however.



11 Help people experience success, however small at first

Doing something for yourself, and seeing that it works, is how real empowerment starts.

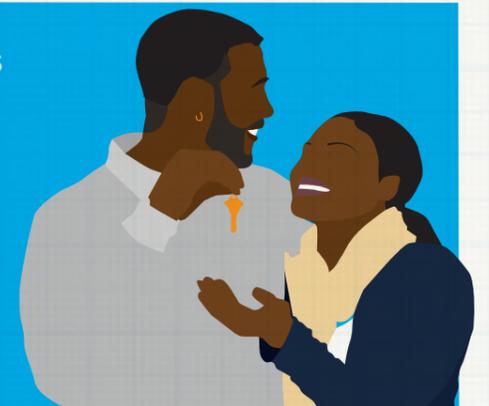
The turning point for someone could be as simple as calling the energy company and successfully renegotiating their monthly repayment.



12 Capitalise on moments of change such as moving in or becoming a parent

The times when people's lives change can bring new challenges, but also real opportunities to take control of their finances.

Bad life experiences like separation/divorce can prove to be the trigger for positive changes even if initially they lead to major financial problems.



3. Some practical interventions to try implementing now

We've also developed a range of new ideas and researched them with residents. These examples will help you think practically about how you can take the 12 principles forward into your interactions with residents. These interventions are designed to direct people to the most appropriate help as early as possible.



- 1. Trial a friendly letter offering help earlier in the arrears process**
 - Sent after the first instance of arrears, not when it's already at crisis point
 - Replacing language that might accuse or blame with human language that's easy to understand
 - Offer help and position your services as substantial and worth investigating



- 2. Follow up offers of help with personalised text reminders**
 - Residents are open to text reminders and they will help nudge people who are considering an offer of help into making a call
 - Experiment with social norms – are other people like them receiving help?



- 3. Offer specific personal advice or consultations about Universal Credit**
 - Many residents want to know more about UC – it's a little-known but alarming-sounding change – but they need it to be personalised
 - Offering information and support specifically on UC is an opportunity to show that you are helpful experts

Universal Credit is coming to Newham in September. It could mean big changes to your benefits. Get in touch to find out how we can help you get ahead of the game.



4. Ensure communication of help available is a seamless part of the moving in process

- Moving in is a positive moment when residents are receptive to advice and help
- Include money advice information and details of where to get help in moving in packs
- Follow up a few weeks later: moving in packs are often kept but not often returned to



5. Hold regular friendly check-ins with residents about how everything is going

- Don't necessarily focus the whole check-in on finances and use it as an opportunity to talk about their aspirations rather than just debt or arrears
- Ideally check-ins would be on the phone or even face to face to build a trusted relationship



6. Chunk the help available into tangible needs

- Residents will engage more when the help offered feels relevant to the issues that are top of their mind
- Be specific about what you can help with i.e. not “money problems” or “debt”

Your Money Matters team can help you with:

- Housing benefit
- Council tax
- Loans
- Paying energy bills



Name
Address 1
Address 2
Address 3
Postcode

1st August 2015

Reference number: xxx-xxx-
xxx

Help with your money

Dear [first name]

We've noticed that you've been having problems paying your rent and we'd like to help.

Most of our residents have money problems at some time in their lives and last year [600] people got help from us to get back on track.

Please give us a call now on xxx-xxxx-xxxx. It's much easier for us to help if you get in touch straight away. If you leave it more than two weeks from the date of this letter we may not be able to give you all the help you need.

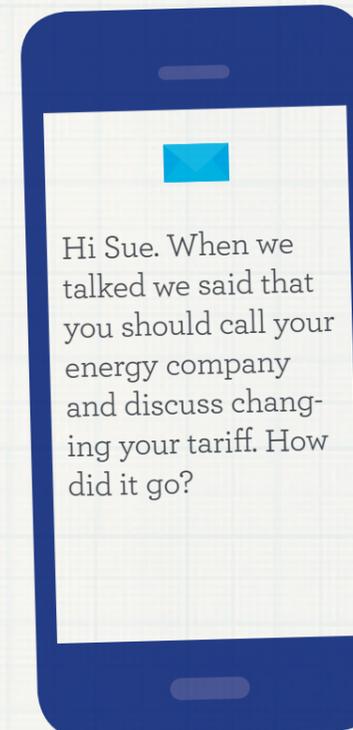
Here are just some of the things that we can help you with:

- Housing benefit
- Council tax
- Paying energy bills
- Affordable loans
- Opening and using a bank or credit union account
- Saving
- Accessing grants

Yours sincerely,

Your local money adviser

Contact number: xxx
Email: xxx



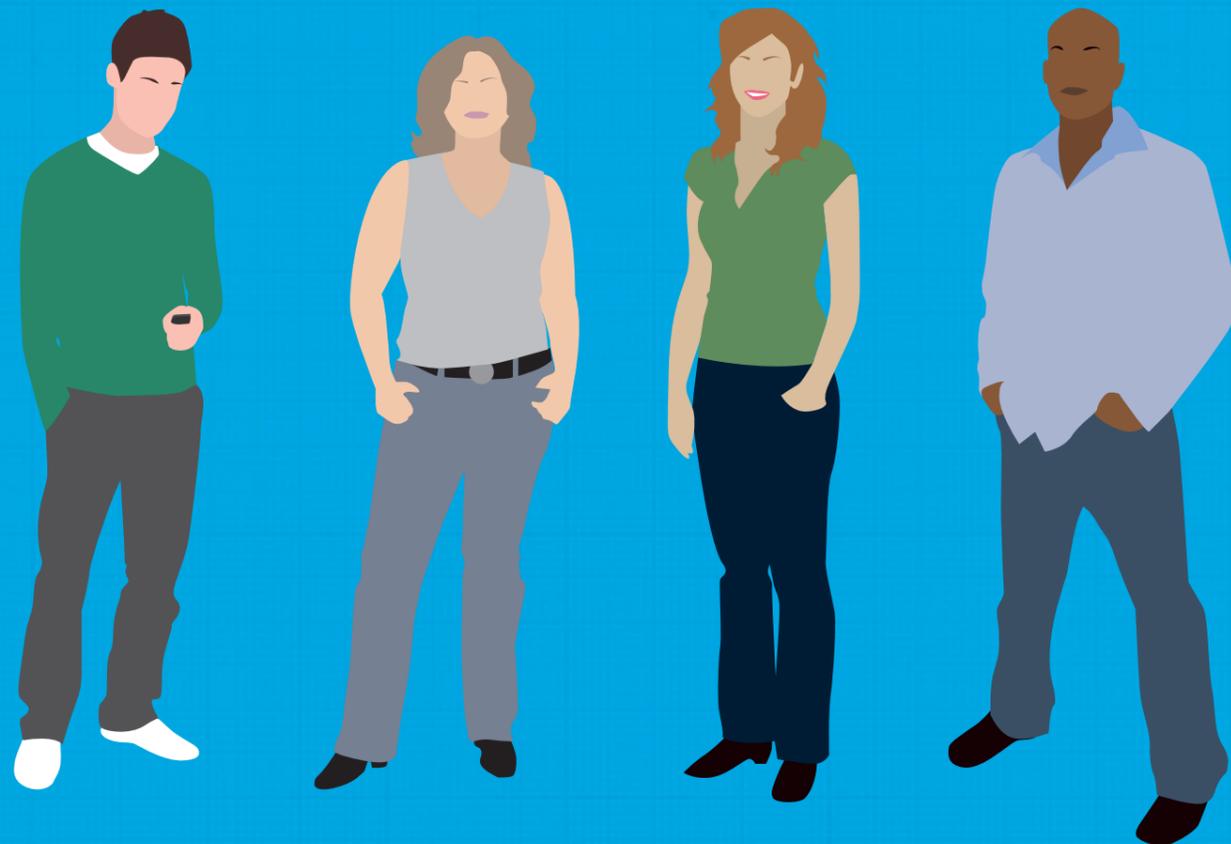
Making it happen

The project set out to deliver new thinking, informed by behavioural insight, to increase the effectiveness of Financial Inclusion programmes. It included:

- New analysis of the barriers to engagement
- The application of behavioural theory to develop a menu of potential ‘nudges’
- Testing these ideas and understanding their effectiveness
- The production of this toolkit, allowing learning to be easily implemented by Housing Associations

The ideas in this toolkit will now be tested on the ground, and their effectiveness evaluated, by members of the LHFIG over the next few months. Some additional ideas from the project will also be further developed and considered for testing, for example:

- Trialling a variety of new messages on letter envelopes
- Non-confrontational ways of flagging up low level arrears, above and beyond existing rent statements
- Quick wins to help people experience success
- Working with real tenants as advocates



Taking the ideas into your own organisation

This three-stage process is based on the one we have used throughout this project:

Stage 1: Insight

It's essential that you have an absolutely clear idea of who you are aiming at and exactly what you want them to do differently.

- Start the process by thinking about this from a resident's perspective
- Use our research insights and your own to put yourself in their shoes
- What is stopping them from behaving in the way we want?

Stage 2: Intervention

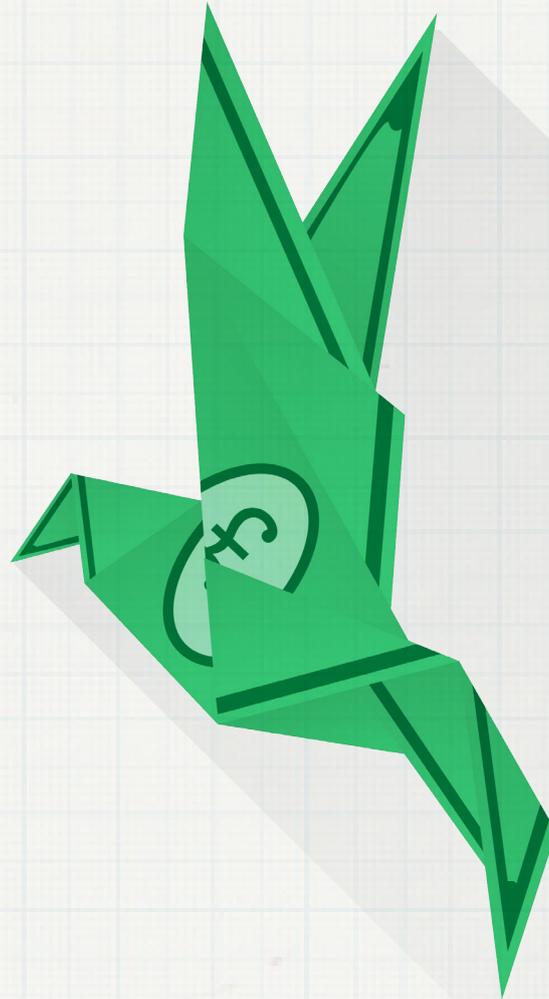
Use the suggestions in this toolkit to develop an approach that you think can facilitate change.

- Go through the 12 principles and pick out the ones you think apply
- Look at the practical ideas and examples. Can you use any of them as they stand or could they be adapted?
- Use this to help you work up a tailored idea which you think will answer the specific challenge you identified in Stage 1

Stage 3: Implementation

Develop a plan to test and refine your intervention

- Try it out at a small scale first, in a specific location or with a small group of residents
- Build in some ways of collecting data that can help you determine whether it's been a success and what could be improved
- Use your learning from this trial to further develop the idea before you use it at scale



The London Housing Financial Inclusion Group

This toolkit is the product of a 6-month project by the London Housing Financial Inclusion Group (LHFIG), with close involvement from Affinity Sutton, Circle Housing, Genesis, Hexagon, Hyde and Southern Housing Associations. The group works to maximise housing providers' ability to meet the needs of financially excluded and low income tenants, residents and service users with the aim of reducing financial exclusion and its consequences and sharing resources between group members.

Project partner Behaviour Change

Not-for-profit social enterprise Behaviour Change has been developing ideas that help people do the right thing since 2009. Working with government, businesses and the third sector, they use behavioural insight to tackle major social and environmental challenges.

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Hexagon

