

Savings schemes

Changing perceptions

Clients who approach private renting schemes are generally on very low incomes. It is easy to think it is not possible for them to save. However, equipping people to move on from homelessness also means helping them gain the skills to prioritise and manage the money they have.

Most access schemes offer a time limited bond guarantee. At the end of the tenancy, if the client wants to move on, there is often no financial support to do so as the bond is withdrawn.

Support workers may think it is not fair to ask people on low incomes to save, but the consequences of not doing so can be detrimental. Tenants may feel trapped in the property unable to move on or they may come back to the scheme for further financial assistance, which may not be available to them again.

Pay day loans may seem tempting, but can lead to debts spiralling out of control. It is preferable to help people save.

Even on low incomes clients get used to managing on a reduced amount and the satisfaction of saving up for something on their own can be very empowering.

Making it clear from the start

It is important to be very clear about your expectations of clients. If they are expected

to save a specific amount or a percentage of their deposit make sure they understand how this will be done, and what the consequences will be if they don't comply. However it is equally important to make sure there is some flexibility in any payment arrangement should they struggle or their circumstances change.

Three savings models

There is no “one size fits all” when it comes to savings schemes. The structure and processes will depend on the organisation and its financial situation, the location and clients’ ability. Savings arrangements can be “locked in” where changes can only be made with the agreement of the scheme; or “unlocked” where clients have more control. Both can work and will depend on regularity of client contact and client ability.

If tailored to the local context it is possible to set up successful savings schemes.

Using Credit Unions

Path in Plymouth & Teignbridge require all clients to save through the local Credit Union over 12 months, at which point the bond expires. Using a Credit Union means less resource is needed to administer the scheme. It costs £2 to join the Credit Union, with 10% of the total savings target paid up front by the client, prior to move-in.

People are assessed on what they can afford to save before they are moved into a property. If clients are not able to save the required amount they are not housed until they are able to save. Not everyone saves the full amount, but across the whole savings

scheme 50% of the savings target is met
The scheme has targets to improve on number of savers and the amounts saved.

Saving in house

Not all areas have a Credit Union, but that should not deter you from setting up a savings scheme. Elmbridge Rentstart in Surrey keeps client savings in-house, in a separate bank account. After a thorough assessment, monthly affordable standing orders are set up. This ensures clients have control and do not risk going overdrawn.

If clients have not managed to save the full deposit amount when the bond expires after 12 months, the scheme negotiates with the landlords who often accept the lower amount saved to keep a good tenant.

Match savings

This is a great way to motivate clients to save. It can be a set amount or a percentage of the savings achieved.

In Hull, a scheme offer savings “bonuses”. They offer clients a 6 month bond initially and if all terms have been met, clients receive a “bonus” of 25% of their total savings up to a maximum of £30. If needed clients may get another six month bond with the offer of 50% bonus of their total savings up to £60; again if all terms are met at the end of the period.

To ensure clients pay, appointments are set around their pay day. This also ensures their finances can be looked at as a whole more comprehensively and any issues with affordability can be addressed.

Don't forget!

- **It is possible to save for most clients-make sure all staff are giving the same message.**
- **Small amounts are better than nothing and will get clients used to saving!**
- **Affordability assessment – this is key to ensure tenants can afford it. Make sure debts are included.**
- **Be clear from the start what is expected of clients.**
- **Make it easy to save, by helping with a credit union account or arranging appointments around their pay day.**
- **Set targets for tenants and review progress.**
- **Provide incentives to tenants by offering match funding.**
- **Make sure clients alert the scheme if they struggle with payments.**
- **Set savings targets for the scheme.**

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