

SOCIAL IMPACT EVALUATION OF GRANTS FOR FINANCIAL COUNSELLING FOR PRIVATE TENANTS

FINANCIAL COUNSELLING FOUNDATION

FINAL REPORT

REPORT PERIOD

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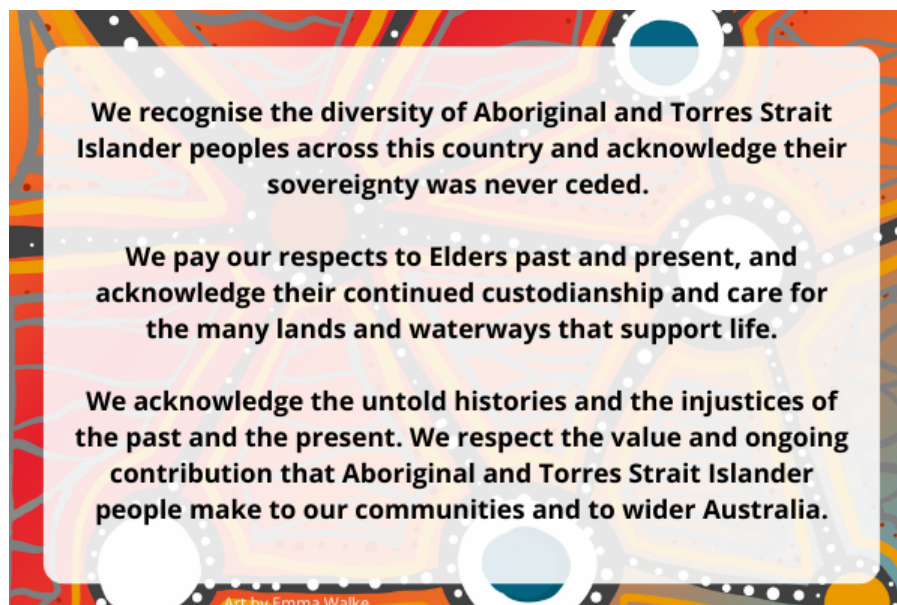
ACKNOWLEDGMENTS

This work was completed with the assistance of Jennifer Stokes, Financial Counselling Foundation and the reference group - Penny Carr, Tenants QLD; Agata Wierzbowski, Tenants Victoria, and Jacinta Ryan, VERTO

ARTD would like to thank all the stakeholders who participated in the research and made this project possible. We thank them for their time and insights and trust that their views are adequately represented in this report.

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EXECUTIVE SUMMARY

In April 2021, one-in-five Australians reported being in financial distress (i.e., having difficulty paying for essential goods and services).¹ A major contributor to financial distress is rental stress, defined as spending more than 30% of gross income on rent.

To improve access to financial counselling for vulnerable private renters, and to reduce risks of homelessness, the Financial Counselling Foundation provided grants to tenancy organisations to embed a financial counsellor within their organisations. The recipients were Tenants Victoria, Tenants Queensland, and VERTO. These three host organisations will be provided a total of \$1.17 million in grant funding over 3 years. The organisations commenced the service in April 2021.

THE PROJECT

The Foundation engaged ARTD to evaluate the grants. The evaluation was conducted 18 months after the commencement of financial counsellors within organisations, which provided reasonable time for the financial counsellors to be onboarded before the evaluation commenced. The evaluation did not seek to prove that financial counselling is a good idea as that is already established². The goal of the evaluation was to understand whether financial counselling was effective *in this context*, both for host organisations and clients. It aimed to document the opportunities and challenges that occurred because of the integration and how these affected clients' experiences overall. Despite this focus the evaluation did seek to check that outcomes for clients were in line with expectations of financial counselling provided in other settings.

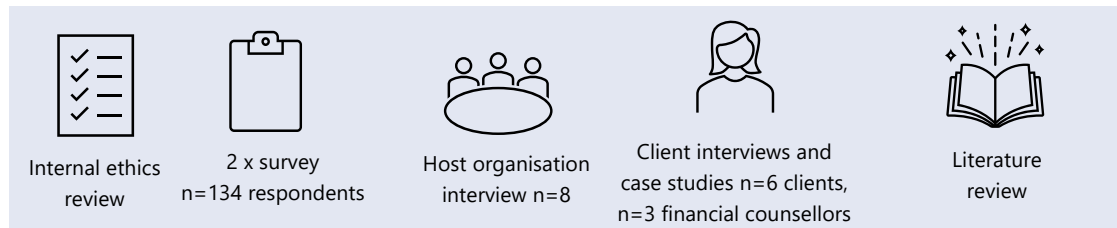
This evaluation was designed to answer six key evaluation questions (KEQs):

1. Have the clients' understanding of their financial situation improved?
2. What outcomes were achieved for clients (including financial stability, homelessness reduced and wellbeing)?
3. Where outcomes were not achieved, what key factors explain this?
4. What have been the main impacts for the host organisations of embedding financial counsellors?
5. Did clients benefit from having the service work closely with other professions in the host organisation?
6. Are there practical changes or refinements that could make financial counselling services more effective at achieving their objectives?

¹ Taking the Pulse of the Nation Tracker, the Melbourne Institute. Available from: <https://melbourneinstitute.unimelb.edu.au/data/covid-19-tracker>

² Countervailing Power: Review of the coordination and funding for financial counselling services across Australia. Available from: https://www.dss.gov.au/sites/default/files/documents/10_2019/report-review-financial-counselling-services.pdf.

The evaluation approach was designed with the assistance of the reference group³ and included analysis of existing literature as well as new data gathered (outlined below):



THE KEY FINDINGS

EFFECTIVENESS OF FINANCIAL COUNSELLING (KEQ 1, 2, 3)

Most clients' financial situation improved and this, in turn, appears to have improved their wellbeing

Consistent with previous studies, financial counselling helped most clients to improve their financial situation. Prior to receiving financial counselling support at one of the three organisations 82% were financial stressed, while just over one-third remained financial stressed at the time of completing the survey. Further, survey respondents agreed or strongly agreed that as a result of attending financial counselling their financial situation had improved (56%), their financial difficulties were resolved, and their housing situation was more secure (53%). Contributing to these improvements were financial counsellors' ability help resolve debts, with many clients agreeing or strongly agreeing that they had received help to access utility grants (56%), to access creditor hardship programs (49%), to have debts or fines waived or reduced (45%) and to help curtail or avoid legal action (59%).

Interviewees indicated that the financial counsellor's advocacy role and ability to reduce their debt had relieved their daily stress. They appreciated not having to action advice and valued the removal of stress associated with debt collectors calling or attempting to service unmanageable payment plans. Personal Wellbeing Index (PWI) scores for clients before and after seeing the financial counsellor improved across all measures, with survey respondents' perception of their wellbeing on average improving by 27 percentage points for 'future security', 21 percentage points for 'standard of living' and 19 percentage points for 'life as a whole'. These improvements are impressive but cannot be wholly attributed to the financial counselling as the evaluation lacked a detailed counterfactual design. We discuss the impacts attributable to financial counselling in more depth in Section 3.1

Most clients increased their knowledge and understanding of their financial situation

Overall, the greatest improvements for clients were their understanding of their financial situation. In the survey, clients agreed or strongly agreed that the financial counselling

³ The reference group included a representative from each host organisation, Jen Stokes from the Foundation and ARTD members.

improved their awareness of benefits entitlements (68%), their ability to choose financial products that fit their situation (67%) and their ability to budget (63%). Interviewees mentioned that their financial counsellors facilitated this understanding by teaching them to budget, allowing them to sit in the background of phone calls as they were being advocated for, and assisting them to complete benefit entitlement applications. Overall, financial counselling boosted the confidence of clients. Following counselling, 64% of clients agreed or strongly agreed that they were confident in handling their financial situation in the future.

For many clients, barriers remain

Financial counselling could not resolve all financial issues for all clients. Significant challenges for these 53% (n=71) of survey respondents remain, including tenancy issues, general debt issues, the affordability of housing, and pressures of being a sole parent. Most respondents to the open-ended question did not elaborate on the reasons why these challenges remained, but a small number said the financial counselling service had not been sufficient or, in a few cases, they had not received any service at all. This was because they had not spoken to a financial counsellor, had not been called back or did not receive enough time with the financial counsellor.

HOST ORGANISATIONS' EXPERIENCES OF INTEGRATION (KEQ 4)

Tenancy staff had a greater awareness of financial counselling, and this streamlined referrals and improved sharing of professional knowledge

Financial counsellors' presence within the three organisations was valued by staff and leaders. An important indicator of this was the improvement in tenancy staff members' understanding of the scope and potential benefits of financial counselling. Tenancy staff mentioned that, over time, their understanding of a financial counsellors' role changed from being focused on budgeting, to now knowing they could assist clients in a variety of ways including waiving debts. In turn, organisations mentioned that this strengthened internal referrals and thus reduced the administrative burden associated with external referrals.

A key benefit of having the financial counsellor in house was the sharing of professional knowledge between financial counsellors and other staff members. Tenancy staff mentioned that the financial counsellor provided them with useful advice that supported client legal matters (e.g., providing advice on what payment plans are likely to be approved within a tribunal). For financial counsellors this knowledge sharing was reciprocated, with them reaching out to tenancy staff to assist clients with legal matters such as bond issues.

Risks around workforce issues and legal setting requirements were identified

Having a single financial counsellor within an organisation was viewed to be a potential risk, due to the possibility of professional isolation and lack of opportunities for flexible working. It was important for organisations to consider how to mitigate these risks. For instance, some organisations noted that they could consider hiring multiple part-time staff to enable greater flexibility while meeting the demand for services.

Within a legal setting, embedding a non-legal service provider such as a financial counsellor was also identified as a potential risk. Financial counsellors do not have the same legal privilege as lawyers regarding confidential information that clients share with them. This means that financial counsellors could be subpoenaed to provide evidence which might be

detrimental to clients. On the other hand, financial counsellors needed to be able to save documents to advocate for clients and do their job well. Most organisations mostly viewed this to be low risk and therefore allowed the financial counsellor to save documents.

In most cases, organisations were able to mitigate risks and leverage opportunities

Within the three organisations, the services were mostly embedded consistently, though there were some variations in how the financial counsellor was embedded within the broader team. All organisations tried to educate staff and streamline referrals. Integration models that successfully leveraged risks and mitigated opportunities:

- embedded their financial counsellor within the team - this educated the team and reduced the counsellors' feelings of isolation,
- educated staff through both formal and informal means to build awareness,
- provided extra support to the financial counsellor by ensuring they had someone to debrief with and encouraging them to connect with their broader professional network to reduce feelings of isolation.

CLIENTS' EXPERIENCES OF INTEGRATION (KEQ 5)

Strengthened referrals meant some clients had a greater awareness of, and access to, financial counselling

Integration of financial counselling within host organisations had flow-on effects for clients, with some clients having greater awareness of financial counselling. Over a third of open-ended responses on the survey indicated that clients had heard about financial counselling service through the tenancy organisation. However, the post-intervention survey did not support the claim that awareness improved overall, despite 70% being first time users.

Streamlined referrals also improved access for clients. More clients were being referred than previously, with 89% being seen within 2 weeks, which we believe is reasonably like or slightly less than typical wait times. However, access was not perfect, with interviewees mentioning long phone wait times.

A more holistic approach reduced stress and improved the experience for clients

Integrating a financial counsellor within the service provided clients with a more holistic approach which allowed the organisations to provide a better service for clients. Interviewees mentioned that this worked particularly well for clients in crisis who may only find the strength to call up once, and not follow through with advice or referrals. Clients noted that they appreciated the warm referrals as they helped reduced the stress of retelling their story.

To illustrate the value of integrated financial counselling, including outcomes and improvements, we have written three case studies based on interviews with clients and financial counsellors (Appendix 1).

POTENTIAL IMPROVEMENTS (KEQ 6)

Most financial counsellors are embedded in organisations with a broader social purpose. Through this grants program, the financial counsellors were placed within tenancy organisations, which meant they were working in an environment where legal advice,

specifically on tenancy matters, was provided. The program was focused specifically on preventing homelessness and assisting vulnerable private rental clients.

While the evaluation has found that these organisations have strong systems in place, organisations could further maximise benefits of integration by:

- providing flexible working arrangements to their financial counsellors;
- improving upon their communication about the service to clients so that it has greater reach;
- enhancing resources within the organisation to reduce barriers such as long phone wait times and ensuring consultations were not rush.

More broadly, the evaluation findings suggest no substantial subject matter obstacle to the successful integration of financial counselling in an organisation providing legal services for tenancy matters. The risks identified by this evaluation mostly relate to organisational dynamics. The foundation could try mitigating risks and leveraging the opportunities identified by this evaluation by making small adjustments to the EOI processes. A checklist of criteria or set of criteria for evaluating 'readiness' to host a counsellor might include:

- openness to change and ability to mitigate risks (e.g., staff absences);
- placement of the financial counsellor within teams to ensure they will feel included and maximise the benefits of knowledge sharing;
- understanding of financial counselling and how it can enhance existing services;
- mitigating the risks of having a financial counsellor in a legal setting;
- willingness to use monitoring and evaluation in continuous quality improvement.

Further, the foundation could consider providing organisations more flexibility to help a broader range of clients (e.g., those in social housing).

The evaluation recommends that any future initiatives with grants that place financial counsellors includes these criteria in assessments of the suitability of placement in an individual organisation.

1. THE PROJECT

1.1 THE FINANCIAL COUNSELLING GRANT PROGRAM

In April 2021, one-in-five Australians reported being in financial distress (i.e., having difficulty paying for essential goods and services).⁴ A major contributor to financial distress is rental stress, defined as spending more than 30% of gross income on rent. The Productivity Commission reported in 2019 that 50.2% of low-income households in the private rental market were experiencing rental stress.⁵ The COVID-19 pandemic has exacerbated rental stress among low-income households, as temporary government income and rental support measures have ended while sectors such as tourism and hospitality have yet to fully recover.

To reduce risks of homelessness for vulnerable private renters, the Financial Counselling Foundation (the Foundation) sought to address this challenge. In March 2021, the Financial Counselling Foundation provided \$1.17 million in grant funding to three agencies over three years: Tenants Victoria; Tenants Queensland; and VERTO (New South Wales). Tenants Victoria and Tenants Queensland provide state-wide free advice and advocacy to renters experiencing rental issues, though Tenants QLD provide this service through their own and sub-regional organisations. VERTO offers a range of employment, training and community support services, with tenancy services available in and around Albury, Bathurst, Goulburn, Orange and Wagga Wagga. The grants fund in-house financial counsellors in each agency. There is variation in service delivery models across these agencies.

The aim of the grants was to improve access to financial counselling for vulnerable private renters. Providing financial counselling through tenants' services is expected to reach people who are unable to pay their rent and therefore at risk of experiencing housing insecurity and homelessness.

The objectives of financial counselling are to:

1. Support those struggling financially to develop:
 - knowledge about their rights and responsibilities
 - understanding of their options in their circumstances, and
 - capability and confidence to take actions so they can move towards financial stability.
2. Support and enable access to economic justice through advocacy (for example, through removal or waiver of unfair debts, entering into hardship arrangements).
3. Contribute to the wellbeing of people living in private rental properties who are experiencing financial difficulty and may be at risk of housing insecurity or homelessness.

⁴ Taking the Pulse of the Nation Tracker, the Melbourne Institute. Available from: <https://melbourneinstitute.unimelb.edu.au/data/covid-19-tracker>

⁵ Productivity Commission, Vulnerable Private Renters: Evidence and Options. Research Paper, September 2019.

2. THE EVALUATION

2.1 PURPOSE

The Foundation engaged ARTD to conduct a social impact evaluation of the grants provided to fund financial counsellors within services to support vulnerable private tenants. The evaluation aimed to understand:

1. The effectiveness of financial counselling in improving client outcomes (financial and wellbeing);
2. The impacts for host organisations and clients of the integration of a financial counsellor within a legal setting;
3. Any practice refinements the foundation or the organisations could consider.

Throughout the report we also aim to answer the underlying question of whether providing these financial counselling services internally was more beneficial to host organisations and clients than the 'usual' practice of referring to external organisations.

2.2 KEY EVALUATION QUESTIONS

TABLE 1. KEY EVALUATION QUESTIONS (KEQS)

#	Key Evaluation Question (KEQ)	Method and data source
1	Has the client's understanding of their financial position, understanding of options, financial capability and confidence to handle their financial situation increased after receiving financial counselling?	<ul style="list-style-type: none"> Pre-post survey of clients receiving financial counselling services
2	What outcomes were achieved for clients? Specifically: <ul style="list-style-type: none"> Was there improvement in financial situation or movement towards financial stability? Was the risk of housing instability or homelessness reduced? Was the wellbeing of the client improved? 	<ul style="list-style-type: none"> Pre-post survey of clients receiving financial counselling services
3	Where outcomes of improved wellbeing, movement towards financial stability or reduced risks of housing instability or homelessness were not achieved, what key factors explain this (are there circumstances/factors that act as barriers)?	<ul style="list-style-type: none"> Pre-post survey of clients receiving financial counselling services from a host organisation Case studies of clients with diverse experiences and outcomes Interviews with financial counsellors and other host-organisation staff

#	Key Evaluation Question (KEQ)	Method and data source
4	What have been the main impacts for the host organisations of embedding financial counsellors?	<ul style="list-style-type: none">• Interviews with host-organisation staff
5	Did clients benefit from having the service work closely with other professions in the organisation, for example, lawyers?	<ul style="list-style-type: none">• Pre-post survey of clients receiving financial counselling services• Case studies of clients with diverse experiences and outcomes• Interviews with financial counsellors and other host-organisation staff
6	Are there practical changes or refinements that could make the financial counselling services more effective at achieving their objectives?	<ul style="list-style-type: none">• Pre-post survey of clients receiving financial counselling services from a host organisation• Interviews with host-organisation staff