

?Financial education 'prevents youth homelessness' - evaluation findings

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A pioneering 'simulated living' money skills programme has seen dramatic reductions in the number of vulnerable young people being evicted from UK social housing.

Nearly a thousand 16-25 year olds, in care or sheltered housing, took part in a two year impact study of the charity MyBnk's ['The Money House'](#) project in traditionally deprived areas of London.

Findings from independent evaluators, ERS, found participants were now three times less likely to have unsustainable arrears. There was a 64% drop in evictions for those 'at risk' of losing their home.

In the midst of a housing and homelessness crisis, research tells us one in three care leavers currently lose their first home and it costs on average £7,056 to evict a tenant.

Capability and exclusion

After MyBnk's expert-led intervention there was a:

- 45% reduction in those incurring bank charges and missing bills.
- 22% increase in those borrowing safely, and therefore avoiding loan sharks.
- 27% increase in confidence managing money, which exceeds the national average for those who took part in the programme.

There were also large reductions in instances of financial exclusion for those who were unbanked and had never saved or budgeted. 54% were now saving, 35% budgeting and 75% now had a current account and there was a 44% increase in those using online banking.

The homelessness prevention scheme is based in real flats in the Royal Borough of Greenwich, and London Borough of Newham. Over five days young people gain the skills, knowledge and confidence to live independently - learning how to manage their money, prioritise debts, avoid scams and navigate the banking and benefits system. Trainers use 'escape room' games, role play and activities mined from youth culture with diary room recordings to help bring money to life.

Now in its sixth year, funding has been extended to 2021 by the Berkeley Foundation and JPMorgan Chase Foundation. Five councils and various sheltered housing providers such as Shelter, Centrepoin, the YMCA and De Paul have made it mandatory for any young person applying for housing.

Every £1 spent on the programme generated £3.36 in social value, according to the respected Housing Association Charitable Trust social value model.

An investment in young people

The new Children and Social Work Act places a legal duty on local authorities to protect young care leavers' economic wellbeing and ensure access to financial information. In 2016 The Children's Society found that almost half of councils in England fail to offer these services.

ERS' findings strengthen the case for providing trained expert money guidance for vulnerable young people, which is backed by reports from the All Party Parliamentary Groups on Financial Education for Young People, and Ending Homelessness, and the Mayor of London.

The National Audit Office found problem debt is costing UK taxpayers £248m and wider society £900m per year. 18-24 year olds have average unsecured debts of £1,460 and are the UK's fastest growing group of debtors, according to the Financial Conduct Authority. They are also the most susceptible in society to fraud and scams, says the Policy Network.

The evaluation was part-funded by the Money Advice Service.

Quotes

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Guy Rigden, CEO, MyBnk said: *“Working with vulnerable young people at these transitional periods is crucial. That’s when they are at the highest risk of making the poor financial decisions that can have lifelong consequences. Social and key workers are under immense time and resource pressures to meet the need.*

These results, show investing in young people and the use of expert-led direct delivery of these specialist areas pays back for everyone.”

Sarah Porretta, UK Financial Capability Director at Money Advice Service said: *“There is a real lack of cost benefit analysis in financial education, including with young adults transitioning into independent living - but this report provides a fantastic contribution to the growing evidence base. The Money House is an excellent example of providing vulnerable young people, such as those leaving care, with the skills and knowledge they need to manage their money and stay out of problem debt. By providing them with the awareness and confidence to seek advice, the programme has made strides in helping them with their transition to independent living. The findings from this programme will undoubtedly inform the practice and delivery of young people’s financial education.”*

Keith Burge, Managing Director, ERS said: *“Often in this job I have to tell organisations their interventions may not be getting the results they set out to achieve. That is not the case with The Money House. It is very gratifying to see such positive outcomes and the values generated by this project are testimony to the quality of the intervention which is clearly having a major impact on the lives of the young people concerned.”*

Sally Dickinson, Head of Berkeley Foundation said: *“We are delighted with the results of this report, which demonstrate the significant impact The Money House is having on the lives of vulnerable young Londoners. This is a shining example of how the public, private and voluntary sectors can work together to help young people gain the skills and confidence to sustain their first homes, and I look forward to seeing the programme grow and develop over the coming years.”*

Case studies

- Single mother, [Chanel, 19](#), shares how our youth homelessness prevention project helped her take control of her finances, and her future.
- [Hawa, 20](#), is leaving the care system and about to move into her first home.
- When [Tameera](#) turned 18 her dad stopped supporting her financially. Now 20, she has had to learn fast how to live on her own.

Company Contact:

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[MyBnk](#)

T. +44 203 581 9920

E. declan@mybnk.org

W. <https://www.mybnk.org>

Additional Contact(s):

5-15 Cromer Street, London WC1H 8LS

[View Online](#)

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<https://www.mybnk.org/our-work/financial-education/the-money-house/>

<https://www.youtube.com/watch?v=HUAh5CqdUb4>

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