



This document explains our approach and learning about designing successful investments. Clearly, we cannot condense all our learning here and your conversations with your Big Lottery Fund contact will go into more detail.

Our approach to all our investments

We apply a number of approaches across all our investments. We expect these to be reflected, in a proportionate way, across the jointly funded ESIF activities

Our funding is distributed primarily through **voluntary, community and social enterprise (VCSE) organisations**. We are well placed to broker strong partnerships between the VCSE, the private sector and statutory services – the partnerships which are necessary to find, and sustain, solutions to cross-cutting problems. We have an extensive range of contacts and networks at local level.

We focus on the **impact** of our funding, rather than just the process. This means, for example, that we will invest for the long-term, because we recognise that deep seated issues can take time to resolve.

Across our investments, we focus on **rigorous evaluation and learning**. We use this to focus our funds to where there is compelling evidence of need that is not otherwise being met. We also use our knowledge to understand the needs and solutions for different communities. This is supported by our locally-based teams and existing networks to make sure we reach, and listen to those communities and people most in need

We have **established procedures** for fair decision-making, reporting and monitoring the progress and impact of our funds. We run our operations as efficiently as possible, while still providing an excellent service, which we will continue to apply to ESIF work.

We **involve people** whose lives are affected by the problems we seek to address directly in the development, design and delivery of our plans. Collaborations, including co-design or co-production, are important to how we work. We also value approaches that build on existing community assets, skills, talents and resources.

Our approach to financial inclusion

Our Improving Financial Confidence initiative was developed with input from the Financial Conduct Authority (FCA - formerly FSA) and the Money Advice Service (MAS). MAS helped us to obtain an updated version of the Thoresen Review of Generic Financial Advice, the baseline for which is recognised as the most comprehensive database of consumer financial behaviour in the UK. This allowed us to focus our activity into the areas where highest numbers of people were classed as 'financially vulnerable'. In choosing where to focus, we

Our Learning: Financial Inclusion

also took account of local factors such as the rural nature of the area, which might mask need as shown on a purely statistical level.

By working with social housing providers, our Improving Financial Capability providers have identified people who need support as they take up their tenancies, and before financial difficulties have appeared. We worked with a consortium led by the National Housing Federation (NHF) to produce a study, which highlighted that current preventative work was patchy and not joined up.

Features of good financial inclusion projects.

Partnership: Our projects work in wide partnerships across those different sectors and agencies that interact with the people. Money worries often come with health problems, food and fuel poverty or family issues, for example. New services that work together across complex individual circumstances and can make effective referrals are more likely to work well.

Innovation: We want to test new approaches to supporting people, in recognition that many previous approaches in this area have failed to deliver lasting benefits. It is vital to help providers to think about different ways of reaching and helping people. For example, a G.P health centre could include financial health as part of general health check sessions.

Local delivery: We expect projects to clearly evidence the need in their location, and propose solutions making the most of local assets. For example, engagement methods that go to where people are already (e.g high streets, shopping centres) or use trusted intermediaries (e.g social landlords, family nurse partnerships) are more likely to be effective.

Meeting individual needs: Good financial inclusion work often adopts mixed methods. So, group work can be effective in part, but people also want individualised advice too. Similarly, services that understand the differences in the borrowing and spending patterns generated by different circumstances will work best. We know that new products are important (e.g helping people access more affordable borrowing or better value energy) but building peoples own financial capabilities are important in the longer term.

Understanding Impact and Evaluation: Our Improving Financial Confidence initiative is supported by an evaluation team (Ecorys) who work alongside the providers. The team has developed an online tool to capture people's financial confidence consistently across the investment. They are also tasked with setting out a cost benefit analysis, covering any financial savings from the prevention of financial difficulties.

Our Learning: Financial Inclusion

*Project example**

Coventry CAB leads a partnership which is working in the Coventry City Centre. The three-year projects engages new tenants as they enter social housing, young tenants by referral from partner Registered Social Landlords and those moving in and out of work by monitoring and referring tenants whose benefits entitlements change. The project offers:

- Personal development plans and bespoke programmes of support for each tenant
- Training delivered within a replica flat – including skills based sessions on how to read a meter, heat the home, DIY and basic maintenance
- Personal development workshops on cooking, accessing volunteering, relationships etc.,
- Support to access health and other services.

The replica flat helps where participants may be wary of classroom learning; and the classes on offer can be used to show people ways of managing their money in a non-threatening way.

The project also offers tenancy start-up packs which include donated items from partners including registered social landlords and Severn Trent Water; and provides successful completers with a 'Good Tenant' certificate. These will be recognised by other potential landlords in the private sector, helping where tenants want to move at a later point.

**we have other project examples, which you might find useful. Please ask your Big Lottery Fund contact.*

Our Learning: Financial Inclusion

ANNEX – Financial Inclusion investments to date

Improving Financial Confidence

This is our largest investment into financial inclusion with £31.7m available across 69 Local Authority areas in England. Its aims are twofold:

- social housing providers support social housing residents to get greater access to and greater confidence in choosing appropriate and affordable financial services and products
- Social housing and financial sector organisations have increased awareness of how a range of approaches to engaging social housing residents in financial inclusion activities actually work.

Our evidence and consultations identified three groups of social housing residents in particular need of support, first time tenants; young people who are tenants; and tenants who are moving in and out of employment.

We funded 37 projects of between £500,000 and £1million, running for three – five years. Projects are being delivered by partnerships, led by voluntary sector organisations, and including other local bodies (e.g local authorities, high street banks, Social Registered Landlord)

We also have a number of other investments in this area, such as:

Scotcash

£1m to extend a financial advice and affordable credit scheme as an alternative to doorstep and payday lenders.

Support and Connect

£9.8m to 59 projects delivering a range of services, including local food banks, money advice services and community clothing.