



INVESTMENT IN FUTURES: A Financial Inclusion Strategy

Melin Homes April 2009

Foreword

Financial inclusion goes to the heart of all the services and functions provided by Melin Homes. In the same way that financial capital is the lifeblood of our economy, financial inclusion is central to developing the social capital of our communities. Financial exclusion has a significant effect on both our customers and communities. The often quoted expression '*It's expensive to be poor*' and the so called '*poverty premium*' refer to the fact that disadvantaged families in Wales pay higher prices for basic necessities such as energy, banking, credit and goods and services. The startling issue in 2009 however is that disadvantage is quickly spreading as the full impact of economic downturn is felt by an increasing number of households. Many more 'mainstream' families are feeling the pinch and, with cutbacks in mortgage loans and the near withdrawal of high street credit, access to affordable lending is becoming a much more widespread and entrenched problem.

Financial exclusion is therefore not a tenure specific issue; it affects all sectors and cross sections of communities. Notwithstanding this and the possibility of continuing recession affecting people everywhere, it is estimated that more than 70% of the 2.8 million currently financially excluded households in the UK live in social rented housing. Social housing is the tenure with the highest proportion of worklessness and the sector in which people are most likely to have multiple disadvantages such as poor health and disability. Financial exclusion cannot be tackled unless the wider components of social exclusion most prevalent within social housing are understood and addressed. In the same way, because of the worsening economic climate there is a job to do in helping *prevent* and *avert* the causes of financial exclusion in the private sector. As a consequence, our Financial Inclusion Strategy will take a cross-tenure approach to:

- maximising incomes
- improving financial capability
- improving the current financial landscape
- preventing the spread of income poverty
- promoting the access and use of a wide range of appropriate financial services
- tackling worklessness to break the inheritance of poverty income
- maximising access to benefits, grants and subsidies

Many of the aims and principles enshrined within our Strategy are straightforward good housing management practice. Other aims and principles however symbolise our goal to cast our net much wider in terms of community investment and regeneration activities that are as much about prevention as cure. Investment in Futures represents our long-term commitment to investing in communities to address all forms of poverty and exclusion and to help ensure it contributes, in a strategic way, to closing the opportunity gap.

I hope you find Investment in Futures to be thought provoking and ambitious, but also pragmatic and reachable. I look forward to working together to deliver real investment in futures for people everywhere.

Doiran Jones

Chair of Melin Homes

1. PROMOTING A CULTURE OF FINANCIAL INCLUSION

1.1 Introduction

Many people, particularly those on low incomes, cannot access mainstream financial services and products such as bank accounts and affordable loans. In the current climate of worsening economic recession, financial disadvantage is exacerbated as unemployment soars, credit supply reduces and mortgage possessions escalate.

This financial exclusion imposes real costs to individuals, their families and the communities in which they live and presents significant barriers to social inclusion and life enhancing services and opportunities. Economic downturn means financial exclusion is increasingly prevalent: evidence suggests that more than 70% of the 2.8 million households excluded in the UK live in social rented housing (Financial Inclusion Task Force 2007). In Wales the picture is broadly similar with the same proportion of social renters facing some kind of financial exclusion (Community Housing Cymru 2008). While this is a discouraging fact in itself, it demonstrates that social housing has failed to break the links between tenure and poverty and so social tenants are also more likely to experience multiple disadvantage. For example, poor health, low levels of educational attainment, unemployment and disability.

The Welsh Assembly Government's progressive One Wales agenda (2007) commits to supporting those marginalised from society and ensuring everyone can live free from poverty. A range of goals relating to financial inclusion underpin this agenda which recognises that financial exclusion is often a symptom of poverty as well as a cause.

The recent National Housing Strategy 'Sustainable Homes' (2008) also makes the linkages between social exclusion and financial exclusion. The important recognition is that the Housing sector is uniquely placed to lead on interventions that will help address financial exclusion through provision of quality, energy efficient homes, advice and housing options, employment and training opportunities and promotion of safe and healthy communities.

As we publish Investment in Futures, WAG's draft Financial Inclusion Strategy – 'Taking Everyone into Account' (2009) goes out to public consultation. The document

emphasises that, in the current recessionary environment, a concerted effort is required from policy makers and all stakeholders, particularly because access to credit is so limited and the threat of exploitation posed by predatory lenders is so real. The coordinating role of the national Financial Inclusion Champions is central to the long-term success of the strategy and the delivery of the Assembly's vision for financial inclusion in Wales which aims to achieve: *"A well functioning, accessible and comprehensive financial system for all Welsh citizens, including those who are marginalised from society. This inclusive financial system should provide a broad range of products and services that are supported by the provision of easily accessible and free to use financial education and advice services"*.

Melin Homes works in five unitary local authority areas – Torfaen, Monmouthshire, Newport, Blaenau Gwent and Powys – and so operates in a regional context where rural, urban and valley issues and themes interlink. By contributing to financial and social inclusion in the SE Wales region, Melin Homes will be well placed to make a sustained contribution to delivering the national vision.

1.2 What is financial inclusion and capability?

WAG defines financial inclusion as a state in which *everyone has access to appropriate financial products and services in order to manage their money effectively, regardless of income levels or social status.*

To understand the importance of financial inclusion it is essential to consider the implications of being financially excluded. Exclusion from mainstream financial services means paying more for basic needs such as energy costs and credit needs. Financial exclusion goes hand in hand with low levels of financial capability, which affects the ability to manage money and make informed choices and has a detrimental effect on day to day living as a consequence. Financial exclusion can manifest in many ways: lack of access to a bank account, unemployment, limited access to pensions and insurance, limited access to advice, arrears of rent, utilities and council tax, fuel poverty, doorstep lending and inability to save even small amounts.

Promoting financial inclusion is key in supporting individuals to become financially included. There are three elements that determine financial capability: knowledge and understanding, skills and, lastly, confidence and attitudes (Basic Skills Agency 2004).

Supporting financial inclusion is therefore an integral part of Melin Homes' commitment to achieving social justice and creating balanced, thriving and vibrant communities.

1.3 Who is financially excluded and what are the causes and implications?

Who

Those at the highest risk of being financially excluded are almost always those who are most disadvantaged. Research quoted by WAG shows that those at highest risk include:

- People who are unemployed – particularly long-term unemployed
- People claiming means tested benefits
- People unable to work due to sickness or disability
- Single pensioners
- Those from Pakistani or Bangladeshi communities
- Lone parents

Causes and barriers

The causes of financial exclusion are complex and varied and there is no one explanation or solution. The current economic downturn may be partly attributed to the change in society's value and culture which encouraged over-indebtedness. In the current environment, individuals, irrespective of their credit worthiness, have found it difficult to access affordable credit services. There are a range of other contributing factors such as: worklessness, financial capability, the requirement for appropriate forms of identity to open bank accounts, technological constraints, physical barriers to accessing services, public transport and the cost of travel, language barriers or a perceived lack of credit worthiness.

Implications

The effects of not having access to mainstream financial services are far reaching and serious. Debit card transactions are now seen as the norm along with Direct Debit services which offer discounts for goods and services. This means that those without

bank accounts pay more for energy and utilities. The payroll processes of most employers also now involve Bankers' Automated Clearing Services which means direct payments to bank accounts. Managing budgets and household expenses clearly proves difficult without access to banking.

Debt problems also interlink with access issues because limited and low budgets are less likely to withstand unforeseen costs or any changes to income or circumstances. In turn this means that low income households often turn to doorstep lenders and pay disproportionately high interest rates.

Impact of recession

The credit crisis has had an impact not only on the ability of individuals to borrow at an affordable rate, but has resulted in a rise in worklessness. This in turn has increased indebtedness and had consequent negative health implications. It has not reduced the number of people who are seeking to access affordable housing, but it has reduced their opportunity to do so, exacerbating the problem. There is a further issue about the ways in which we manage demand for affordable housing, in that allocating all available properties to the neediest households has the potential to create ghettos of financial and social deprivation.

1.4 Scope of our Strategy

Financial exclusion will affect a large proportion of Melin Homes' former, current and future customers. In addition, it will affect large swathes of the communities in which our properties stand and our residents live, work and socialise. Melin Homes is a community-based RSL and understands that our affordable homes and the residents residing in them do not function and live in isolation. Affordable homes interact with private homes and the type/ mix of the homes that we provide contributes directly to the sustainability of places. It is therefore advantageous all round to ensure that the scope of our strategy:

- Reaches across all tenures and cross sections of communities
- Contributes to the Community Strategies of partner LAs
- Sets out effective measures to tackle financial exclusion via core landlord functions such as rent collection and arrears payment

- Promotes economically viable and balanced communities through job creation, training and social enterprise
- Supports objectives to tackle fuel poverty
- Builds social capital and develops basic skills
- Encourages innovation in all aspects of the organisation's work – from new build to energy efficient refurbishment programmes
- Embraces the Care & Repair agenda in terms of assisting older owner occupiers to invest in their homes

There is both a community and an organisational business case for a Financial Inclusion Strategy of this magnitude. To ensure our scope is sufficiently broad, principles such as equality and inclusion, maximising resources available to drive the agenda and partnership working are all connected themes. Moreover the scope of our Strategy is wide because we will demonstrate that financial inclusion isn't a standalone theme that can be promoted in isolation by one department or section. Financial inclusion goes to the heart of all our services, products and functions. Therefore, by keeping the focus deliberately broad, we mainstream the principles into all areas of work and achieve ownership.

1.5 The part we want to play

Through our intervention we would like to directly contribute to more individuals, families and communities being financially included.

Our role will cut across professional and geographical boundaries and focus on both strategic and operational issues. By forging links, promoting partnership, collating evidence and generating ideas and initiatives we will support the 'community leadership' role of partner local authorities. We will ensure we focus on prevention before cure by supporting customers from first contact and also by assisting educational programmes in schools that ensure young people develop financial literacy.

We will maximise the community benefit of our business relationships with lenders, supporting credit unions and enabling community enterprise. We also see potential to link financial inclusion to wider plans for economic development, employment and other wealth creation strategies.

We are increasingly aware of the financial problems faced by many of our residents and the wider impact on communities if unchallenged. By taking a lead role in combating financial exclusion amongst our residents, there is scope for this to roll out and reach others. The intention to organise our interventions in a more planned way runs to the heart of this Strategy and, with the average cost of a failed tenancy estimated at being £5000 -£7000, the business case is compelling. The publication of the strategy heralds a more strategic approach to financial inclusion activities. It will promote joining-up within and across organisations as well as opportunities to expand and strengthen delivery of services, develop new products and raise awareness.

While the aspirations of this strategy are founded in the principles of social justice, Melin Homes recognises and values the key business benefits of delivering on this agenda.

1.6 Vision, Aims and Objectives

Our vision for Investment in Futures is as follows:

Melin Homes will play a positive and proactive role in ensuring residents are informed, educated and confident citizens able to take responsibility for their finances and able to access the tools and services required to manage their day to day and long-term financial circumstances.

To support delivery of this vision, the overall aim of the Strategy is:

To ensure that the principles of financial inclusion underpin all aspects of the business of Melin Homes and therefore benefit significantly the lives of citizens as well as the work practices of the partner organisations with which we work.

To achieve this overarching aim, clear objectives are needed to guide delivery and relate to the five nationally identified principles of financial inclusion: i) access to affordable credit ii) access to banking and mainstream financial services iii) money, financial and debt advice iv) increasing financial capability and v) income maximisation.

Policy and Practice objectives:

- Establish a baseline reflecting the *cost* of financial exclusion to the *benefits* of financial inclusion
- Map current community finance initiatives including CDFI, credit unions and banking initiatives
- Establish, on an ongoing basis, *who* is financially excluded and develop understandings as to how issues such as recession have an impact
- Act as a gateway to a range of appropriate information, advice and services aimed at increasing financial capability so all residents manage their money, on a day to day basis, effectively, securely and confidently
- Educate and equip residents with the guidance and skills to deal with financial distress should unexpected events lead to financial difficulty
- Work with lenders, funding partners and local services such as credit unions to improve access to affordable credit and develop initiatives that provide accessible banking and financial services
- Work with relevant agencies to promote responsible lending, protecting the most vulnerable
- Support wider community investment initiatives such as skills, training and employment projects that promote income maximisation and a savings culture
- Ensure that a system is developed to highlight those residents with financial difficulties at the earliest opportunity and steps are taken to help them without resorting to courts
- Provide energy efficient homes to alleviate fuel poverty and maximise income
- Promote more flexible forms of tenure in order that mixed income communities are created. Included in this is the continued operation of the Mortgage Rescue Scheme
- Support an approach to arrears management that is preventative and keeps residents in their homes, contributing to wider community sustainability and reducing costs to the organisation

Organisational and structural objectives:

- Ensure financial inclusion is the golden thread linking the full range of organisational plans, strategies and business cases
- Demonstrate how outcomes secured via new development, housing management and maintenance and community investment contribute to financial inclusion: *measuring the impact*
- Keep up-to-date with trends in economic and financial markets so that the organisation is well placed to pre-empt change and ensure residents and communities are informed and appropriately assisted

Partnership Objectives:

- Demonstrate, by way of outcomes, the ways in which financial inclusion activities contribute to the wider strategic agenda of partner LAs
- Seek to work together, ensuring that each partner promotes efficiency of services or added value to all partners in the arrangement
- Work with local schools and learning establishments to encourage financial literacy at the earliest opportunity
- Engage partnerships and programmes like Job Match, Heads of the Valleys and others in funding and supporting wider regeneration and community development activities that support financial inclusion

CHAPTER 1 SUMMARY: KEY MESSAGES AND PRIORITIES

- Tenants of Registered Social Landlords are more likely to be financially excluded
- Financial exclusion is a symptom of poverty as well as a cause
- Impact of recession means that, because financial exclusion is a growing issue, the scope of our Strategy has to be sufficiently broad
- Financial Inclusion means everyone having access to good, helpful financial services and products to manage finances effectively
- Financial capability means the financial literacy skills and ability to access appropriate products and services
- Financial Exclusion goes hand in hand with low levels of financial capability
- Certain groups will be at higher risk of financial exclusion than others, such as lone parents, the unemployed and benefit claimants
- Financial exclusion is a serious symptom of social exclusion
- Financial inclusion objectives run to the heart of all Melin Homes' services and functions
- In order for Investment in Futures to be a success, links will be made with wider strategic plans for Economic Development, Regeneration and Wealth Creation
- Investment in Futures will be an important delivery mechanism for LA Community Strategies
- Our aim is to ensure financial inclusion underpins all aspects of our business and therefore benefits the lives of citizens and the work of our partner organisations

2. UNDERSTANDING AND OWNERSHIP

2.1 The current picture

Melin and wider

Financial inclusion is increasingly on the agenda of policy makers, banks, governments and consumers alike.

Understanding the wider context to financial inclusion and the ways in which it connects to the housing agenda are critical to a social landlord that wants to make a difference in this area. In order to make that difference, early intervention, innovation and enterprise is required.

We recognise that our role as a RSL extends far beyond the homes that are built, owned and managed in our communities. Central to the success of this strategy is the knowledge that our wider role in local communities helps promote social and financial stability. This means generating opportunities for employment, training and learning, better health and wellbeing and improved community safety and sustainability – all of which contribute significantly to financial inclusion.

Although our financial inclusion activities will take place in our five main areas of geographical operation, Investment in Futures is about understanding the national backdrop against which our local and regional financial exclusion issues and problems have emerged in the first place. This provides a firm basis for partnership working across boundaries and joining-up approaches to financial inclusion within and across Wales.

Evidence Base

The Welsh Index of Multiple Deprivation (2008) states that although the terms ‘poverty’ and ‘deprivation’ are used interchangeably, they are in fact distinct: *“The condition of poverty means not having enough money or financial assets...deprivation refers to unmet need, caused by a lack of resources in general, not just financial or tangible resources”*.

The WIMD comprises eight domains of deprivation and, whilst one of these is income, financial issues also directly underpin most of the other seven: housing, employment, environment, health, access to services, education and community safety. Levels of deprivation are linked to numbers of Lower Super Output Areas (LSOA) in a given LA area.

LA Area	No. of Super Output Areas
Blaenau Gwent	47
Torfaen	60
Monmouthshire	58
Newport	94
Powys	80

In relation to overall deprivation, Blaenau Gwent has the second highest percentage of LSOAs in the most deprived 10% in Wales. Blaenau Gwent also features in the top quartile of LAs with the highest percentage of LSOAs for income deprivation, employment and health deprivation. Newport also features in the top quartile for highest percentage of LSOAs in the most deprived 10% in Wales for both education and community safety deprivation. Powys also has the highest percentage of its LSOAs in the most deprived 10% in Wales for access to service deprivation.

Blaenau Gwent and Torfaen are also included within the WAG sponsored Heads of the Valleys (HoV) 'Strategic Regeneration Area' and, on account of overall levels of concentrated deprivation, they are also areas of 'convergence' under the EU Convergence funding programme.

Research by Cardiff University in 2005 highlights that 19% of all households in Powys and Newport have an average annual income of below £10,000. In Torfaen and Blaenau Gwent this figure is 21-23% and, in Monmouthshire, 15%. More than 65% of these households are in the 55+ age bracket.

Moreover, Torfaen, Newport and Blaenau Gwent have been highlighted as areas with a need for more affordable credit (Experian, 2007) being demarcated as 'red' and 'amber' alert areas in a UK-wide mapping exercise.

In relation to Melin residents and communities specifically, our 2008 feedback study shows:

- 30% of single tenants are families with children and 47% of single tenants are aged over 60
- 35% of principal tenants are aged 60+ and 13% aged over 75
- 32% of principal tenants are in employment, 26% are retired and 23% permanently sick/ disabled
- 55% of tenants are wholly dependent on state benefits and pensions
- 61% have their rent paid by Housing Benefit (21% partially and 40% fully paid)
- 50% of tenants receive less than £160 per week with only 6% earning £400+

One of the principal objectives of this strategy is to collate more data on an ongoing basis about those residents and communities most likely to face some form of financial exclusion. However, it is clear from the information presented above that a large proportion of our tenants and residents, as well as the wider communities within which we work, face some quite significant issues of financial exclusion. It is important to note that as the recession continues to rage with no signs of 'green shoots' currently, the situation is likely to continue to get worse.

Current Interventions and activities

Melin's Financial Inclusion activities are currently based around the following:

- Working with both current and former tenants to collect debt – dedicated income advice delivered via Melin's Financial Inclusion Officer
- Working on a one-to-one basis with tenants to prevent rent arrears, in particular through a 'rapid response' service in 'Priority Communities'
- Providing specialist benefits advice through a partnership protocol with Shelter Cymru
- Providing a focus on financial inclusion in the home for older owner occupiers through the targeted services of Care and Repair Monmouthshire & Torfaen

- Developing and delivering ‘tenure neutral’ affordable homes so that residents can tailor housing costs to income, including Mortgage Rescue, Homebuy and intermediate renting
- Delivering a rolling programme of energy efficiency improvements to existing properties to reduce home running costs and alleviate fuel poverty
- Rolling out of the ‘Priority Communities’ programme, linked to new opportunities for training, learning and employment, aimed at tackling disadvantage and promoting a culture of work and engagement
- Operation of a residents’ bursary scheme which provides funding and resources to local social enterprise scheme
- Partnerships with the Gateway Credit Union for Monmouthshire and Torfaen aimed at promoting a savings culture for residents and staff
- Partnership with HoV and Building Research Establishment which has so far resulted in £1 million additional funding being secured for home energy efficiency and affordable warmth
- Establishment of a Financial Inclusion Steering Group to harness a strategic approach to promotion of Investment in Futures

The Business Case for Investment in Futures

The impact of financial exclusion on our business is significant and far reaching. In the same way, the impact of financial exclusion on communities is significant and far reaching. As a result, delivery of Investment in Futures is win-win. In basic terms, when a tenancy is assigned and a tenant is financially excluded, arrears and debt will inevitably occur. This is often predictably followed by recovery actions which, if unsuccessful, lead to eviction and therefore a vacant property, costing between £5000 - £7000. The spiral of decline doesn’t stop when a tenant is evicted and the key is to turn the focus from the property and the process of housing management to the people and the process of income management.

Another example involves development of new affordable homes. In the current economic climate we can no longer assume that people can access, or indeed afford, lending for intermediate ownership products. In this way, allocating homes on the basis

of 'neutral tenure' – linked to equity share, Mortgage Rescue and intermediate rental – ensures the emphasis is on genuine affordability and sustainability.

There is also a key link between worklessness and financial exclusion. Worklessness refers to those detached from the labour market in particular areas and groups. While debt advice may support the individual in the short-term, their continuing economic inactivity would not lend itself to a long-term solution. Through 'Better off in Work' we aim to demonstrate that money is important, but has to be accompanied with increased self esteem and confidence.

2.2 Partnership working

Our Partnership Frameworks

Partnership working is central to the delivery of effective and joined-up financial inclusion strategies and practices. Investment in Futures is not a standalone strategy but one that helps inform and deliver the policies of partner organisations. Currently the following groups and alliances underpin the rolling out of financial inclusion activities across the sub-region:

- *Joint Shelter Advice Project (in partnership with Charter HA)*

This service assists with housing benefit applications, council tax benefit awards and general advice and information services. Outcomes: in 2008/09 the cost of the project was £14,000 and yet £30,000 worth of benefits was achieved for residents

- *Monmouthshire FI Partnership*

The purpose of the forum is to promote collaboration across Monmouthshire. Outcomes: sharing of notable practice, development of wider partnerships, in particular with local authorities and creation of the Gateway Credit Union

- *Court User Groups*

Quarterly meetings held with court and rent arrears officers from partner RSLs. Outcomes: sharing key information, consistent interpretation of court processes and cross-organisational resolution of issues

- *Gateway Credit Union*

Gateway covers both Torfaen and Monmouthshire and is available to all Melin residents. Gateway specialises in small loans from as little of £100 up to £5,000 unsecured. Outcomes: members are saving, borrowing sensibly and repaying.

- *CHC Financial Inclusion Network*

Melin's role in the Network has been positive and enabled local practice to be linked to national objectives. Outcomes: input into WAG strategy and provided framework for individual policies and strategies.

- *GENuS, HoV Regeneration Forum and LA Strategic Housing Partnerships*

While financial inclusion is not the specific remit of the above groups, in indirect ways they all contribute to achieving financial inclusion. Outcomes: focus on need to upscale Mortgage Rescue, roll out of neutral tenure, development of new affordable homes, affordable warmth activities and regeneration schemes that promote work and training.

Partnership working – the future

Our goal is to continue working with the above partners and alliances making contributions to the wider strategic agenda of LAs. However we also see potential for FI to become more mainstreamed into and explicit in frameworks for local strategic regeneration such as the HoV Programme and strategies aimed at wealth creation and economic development. Consequently, our aim is to work with new Local Service Boards to highlight and reinforce the centrality of FI issues and demonstrate benefits and raise awareness. We also see opportunities for more public-private intervention through greater involvement in neighbourhood renewal and area regeneration. Our goal is to take the opportunities presented by the current economic crisis and raise the profile of FI in ways that demonstrate both the people and business benefits.

2.3 Consultation and engagement

What do our customers want?

Initial feedback from our Income Advice Service shows that, on the whole, residents are very pleased with the services they have received and are satisfied with the nature of

advice dispensed, both in terms of clarity and content. While this bodes well for the quality of income advice, this feedback cannot be considered in isolation of customer views on the wider products and services they want to receive. As part of initial research carried out to inform the work programme of the new Community Investment function, the following priorities have been identified:

- Establishment of a rolling programme of 'Priority Communities'. This sees the emphasis placed on intensive housing management, promotion of opportunities for work and training, environmental enhancements and community involvement
- Development of a 'Better off in work' programme aimed at linking with schemes such as Job Match and Routes into Employment to actively encourage more residents into work
- Rolling out Community Development activities that promote local participation and encourage social enterprise
- Delivery of a targeted dispute resolution service that links with the above activities to ensure prevention of anti-social behaviour comes before cure
- Creation of a 'new opportunities' framework which explores the potential to 'add value' to communities through regeneration, economic development, learning, digital inclusion and energy efficiency

Our work to date demonstrates that financial exclusion is a symptom of wider issues and the above priorities provide a focus for addressing them. Problems associated with self-esteem, confidence and perceptions of a lack of relevant employment skills have been consistently highlighted. Melin has a key role to play in this context through work and skills development and capacity building. Investment in Futures can help make the necessary wider connections and show that, through improving life chances and opportunities in the broadest sense, financial inclusion can be achieved.

How do we benefit the wider community?

If the financial capability of our residents is increased in sustainable ways, this will have a 'knock-on' effect to members of the wider community. Working with our residents provides an important starting point. However, there are also clear opportunities to roll out Investment in Futures to wider areas of the community. Working in this way will help

foster a more preventative approach. If we can assist owner occupiers to stay in their homes through our Mortgage Rescue scheme, we contribute to community stability by reducing the incidence of urgent housing need. If we assist a private renter into employment we are not only contributing to housing mix and social diversity but are potentially providing access to more flexible tenure options. The fundamental recognition that Melin's homes are situated in neighbourhoods which are diverse in ownership and mix goes to the heart of this strategy.

What do our partners want?

Our partners unanimously tell us that they want us to continue demonstrating innovation, enterprise and a 'can do' attitude. Tackling financial exclusion is not something we can or want to do in isolation and so, collaboration across geographical and professional boundaries, is vital. Partner LAs want us to demonstrate how our approach to FI contributes towards realisation of wider strategic goals and the ways in which we are able to achieve 'added value' outcomes. Lenders and the private sector want us to help create stability and a path to economic recovery showing in clear terms how we are contributing to the bigger financial agenda. Voluntary and third sector partners want us to continue to build capacity at grass roots level and support local partnership and services as a means of supporting local people.

To show the relevant levels of support and backing at all levels to all sectors and people, we commit to strengthening our monitoring and evaluation processes. This will enable us to demonstrate specific outcomes against specific indicators as well as our overall contribution to increasing financial inclusion.

CHAPTER 2 SUMMARY: KEY MESSAGES AND PRIORITIES

- Financial exclusion is increasingly an issue linked to global economic recession
- Important to understand the impact of housing market activity and what we do as Melin Homes on wider financial system
- Financial exclusion is manifest in housing management activity like rent arrears and debt collection, but also in the shortage of affordable housing, increase in fuel poverty, rise in unemployment and rise in mortgage possessions
- Tackling financial exclusion means specialist advice and services, but also opportunities for training and employment, learning and development, improved health and wellbeing and also creation of safe and sustainable communities
- The LA areas in which we work have high incidences of multiple deprivation
- Melin tenants feature prominently in groups most likely to be financially excluded
- A main priority is to establish more data and information on the needs and aspirations of our customers in relation to financial inclusion
- The financial inclusion 'business case' is both an organisational and a community one
- There is a significant linkage between 'worklessness' and financial exclusion
- Partnership working on Financial Inclusion is strong but must be developed to include Local Service Boards, the private sector and more residents
- Our customers want financial advice in traditional ways, but also assistance around seeking employment, training and development opportunities

3. **TAKING THINGS FORWARD**

Having established that there is both a strong business and social case for Investment in Futures, it is important to explore the measures we will aim to develop and deliver in order to eradicate financial exclusion and promote financial and social inclusion. We aim to increase customer satisfaction, enhance the sustainability of communities and make a difference to people where it really matters.

Intervention: income maximisation and benefits and debt advice

In building on current FI activities over the lifespan of Investment in Futures, we will develop and deliver the following:

- *Access to services and support*
Appropriate debt advice services will be provided or highlighted at a range of stages appropriate to the customer with early identification, intervention and service provision being the key to effective support. Access will be maximised to counter traditional barriers of geography and cost to the customer. Potential also exists for wider support in capability, linked to life stages and practical help in customers own financial decision making process. Access to financial services will also be supported with policy work, product innovation and practical help for customers to overcome barriers to affordable credit, banking, insurance and savings products.
- *Preventing homelessness*
We will work with our local authority partners to jointly develop more preventative approaches to tackling homelessness. The recently developed 'Common Housing Register' arrangements with Torfaen and Monmouthshire Councils (and plans to follow suit in Newport and Blaenau Gwent) provide important foundations for homelessness prevention. In addition, pre-tenancy support packages, advice on 'Housing Options' and reinforcement of private sector leasing schemes will all help manage homelessness and other serious forms of housing need.
- *Better off in Work programme*
This new project will bring together all available opportunities for assisting workless people back into the labour market through learning, training,

apprenticeships and direct employment. This project will integrate Job Match and routes into employment with opportunities generated through Melin's Targeted Recruitment and Training policies.

➤ *Not too Skint for School project*

Research shows that by the time they move to secondary school, poorer children are on average two years behind better off children. High performing children at primary school are also 4 times more likely to be GCSE low achievers if they are poor (Child Poverty Action Group). WAG's ambition by 2011 is for every secondary school pupil in Wales to have access to a credit union. We will attend all local schools to ensure Investment in Futures is linked to the PSE and maths curriculum so that financial literacy starts in school. We will work with lenders to help raise finance to give young people a savings start.

➤ *Flexible forms of tenure*

We will aim to re-focus the way we currently develop and deliver new affordable housing by providing more flexible tenure options. This will herald a move away from supply-based to person-based subsidy. Residents will have opportunities to staircase through a range of options from social rent to intermediate rent, from rent to buy to homebuy. Mortgage rescue would also sit within this wider family of tenure options. Opportunities also exist for linkages with the Savings Gateway model with savings linked to notional equity shares (i.e. HomeSave).

➤ *Affordable warmth through more energy efficient homes*

Our current programme of refurbishment of homes to meet Welsh Housing Quality Standards has been supplemented by a grant from the Building Research Establishment to support energy efficient 'retro-fit'. We will roll this out to all existing homes and measure the benefits in terms of lower running costs and lower incidence of fuel poverty. All new homes funded through Social Housing Grant will also meet 'Eco Homes Very Good' standards.

➤ *Financial Capability for older owner-occupiers*

We will develop a business case for expanding financial capability work to the two Care and Repair agencies hosted by Melin. This will ensure the special needs of the client group are understood and addressed through a tailored programme.

➤ *New funding opportunities and models in order to increase FI work around specific groups*

We will measure and promote the successes of Investment in Futures in order to secure additional funding to improve the financial capability of specific groups like offenders and BME communities.

➤ *Pre-tenancy packages*

We will conduct pre-tenancy health-checks so that residents are aware of the financial implications of tenancies. We will also undertake 'diagnostic interviews'. Wherever possible we will remove pre-payment meters as another means of optimising income.

➤ *Financial Advice and Support for Social Enterprise*

As well as advice for individual residents, we will work with lenders and other funding and advisory partners to deliver specialist advice for community enterprise and businesses.

➤ *Policy profile*

We will sustain a high profile in policy development and design at national, regional and local levels. In particular we will inform the current debate on Housing Benefit reform and ensure all partners and residents are aware of any changes and what it means for them. We will also ensure we are fully informed about changes to any benefit entitlement.

➤ *Partnerships with Utility Companies, Credit Unions and CDFI*

We will work with utility companies via their community investment programmes to identify energy efficiency solutions for 'hard-to-treat' homes, ensure information and advice is accessible and understandable, and also aim to demonstrate the important role of 'social tariffs' to ensure low income households can access energy at affordable prices. We will work with local credit unions to develop services and ensure accessibility for all customers. We will also encourage them to offer Child Trust Fund accounts and support social enterprise. We will jointly explore funding opportunities available through EU Convergence in order to increase commercial viability. We will encourage staff to become members and demonstrate the personal and social benefits. We will also commit to keeping up-to-date with the CDFI movement and identifying potential for it to add value to the services provided in our areas.

➤ *Targets to increase the take-up of insurance products*

We will set appropriate targets for the higher take up of insurance products and services amongst our residents and social enterprises by promoting the benefits

and highlighting the risks of no or insufficient insurance. In addition we will assess the potential for wider roll out of our current 'Insurance with rent' scheme which currently applies to sheltered schemes and leaseholders.

➤ *'E'-benefits through digi-TV*

We will link benefit and income advice communication with wider products aimed to promoting digital inclusion. In doing so we will ensure we communicate with residents in relevant and modern ways through digi-tv and provision and use of PCs and via mobile phones.

➤ *Dialogue with faith groups*

We will work with faith groups to gain access to some of the hardest to reach and most financially excluded groups. Problems of income maximisation are prevalent within such groups and so extra effort is needed to ensure we strengthen interaction between consumers and providers of different backgrounds.

➤ *Regular community profiles and audits*

We will undertake regular community profiling exercises to ensure we keep up-to-date with the needs and priorities of our communities. Given the speed with which changes can occur as a result of recession, we cannot afford to make assumptions. In the same way, lenders have special measures for dealing with home owners who have lost jobs – we too will adopt appropriate approaches. We will ensure special attention is given to the special needs of rural communities where issues such as physical isolation are highly prevalent.

➤ *Information packages for message carriers*

We recognise that residents' groups, Communities First Partnerships and other local alliances are key to engaging residents in urban and rural communities and well placed to deliver FI messages. We will develop a FI information booklet for distribution to spread the word about local financial services. We will also engage groups to tell us what works best for local communities in respect of debt and income advice, basic skills and financial education.

Enablement: access to financial services

Working in partnership with key local organisations and agencies, over the lifetime of Investment in Futures we will recognise the importance of facilitating access to products, services and facilities through:

➤ *Credit Unions - developing social enterprise*

In recent years local credit unions have made significant strides which have helped increase their longer-term viability. However, there are further opportunities around assisting social enterprises, involving local schools and facilitating Child Trust Fund Accounts that will be explored. This will help both diversify and cement the business role of credit unions in local communities. An immediate priority will be to work with others to explore EU Convergence and Competitiveness opportunities in order to develop capacity within local credit unions. Supporting social enterprise is not just about potential to assist local SMEs, but investing in credit unions themselves as important local community enterprises.

➤ *Credit Unions – providing business support*

We will ensure that the credit unions with which we work have access to the skills and expertise that we can provide to help grow the business and forge links with wider Community Investment initiatives. In doing so, opportunities will be explored around transaction banking, potential to offer modern ‘current accounts’, community banking partnerships and flexible saving packages that have potential to link with developments around flexible forms of tenure.

➤ *Brokering bank accounts and promoting a savings culture*

By building on existing relationships with a range of lenders and partner financial institutions we will establish arrangements to help tenants and residents access and open bank accounts. We will work with partners to ensure residents have the know-how to access banking services and explain the value of saving so that these skills and values can be passed on to friends and family members. We will work with existing and new lenders to highlight the need to review the importance of basic bank account facilities to ensure: accounts are available to those in financial difficulty, equality of service provision, money is not taken out of accounts to pay debts without prior agreement, and availability of buffer overdraft

- zones. We will also highlight to tenants the benefits of engaging with the Savings Gateway initiative and seek to promote access to the facilities required.
- *Promoting a wider 'community investment' role for lenders*

We will establish more strategic relationships with key banking partners to ensure best use of their financial skills and expertise in helping residents make best use of financial services. We will assess potential for jointly developing tools that can be used to support financial education. We will also ensure banks pass on skills and techniques to credit unions and other community finance organisations so that business viability and expertise is improved. We undertake to map the availability of specific support packages available from the banking sector to better promote and connect financial services in local areas. This will help ensure a comprehensive service is provided to residents everywhere and basic money management skills are mainstreamed into the learning, development and regeneration offer to communities.
 - *Working with the FSA*

We commit to working more closely with the FSA and ensuring we have an up-to-date knowledge of wider issues around financial regulation and monitoring. We will further ensure all staff receive FSA designed 'Making the Most of Your Money' sessions to promote understandings around money management, financial planning and budgeting. We will further promote the importance of 'Money Doctors' type schemes in local colleges and Further Education establishments.
 - *Supporting Basic Skills*

We will promote WAG's 'Words Talk – Numbers Count' all-age strategy for literacy and numeracy skills to all residents and partners through our financial inclusion advice and information surgeries. We acknowledge that poor financial skills are often underpinned by poor basic skills and will support potential for roll out via existing arrangements with adult education projects like RISE and Bridges to Employment. We will establish protocols with Adult Education services and agencies such as local authorities to support delivery of Entry Level 1 to 2 resident learners.
 - *Housing Market 'Re-modelling'*

As a key local strategic partner, we recognise the wide-ranging impact of the credit crisis and the important links with the housing market. Working in

partnership with local authorities, WAG and other key private sector stakeholders, we fully acknowledge the potential to shape a future sustainable housing market. We therefore commit to ensuring that new products, services, and opportunities for collaboration are considered in the context of re-building economic strength. We note the role the Chartered Institute of Housing Cymru is playing in leading the way on a manifesto for a 'remodelled' housing market and commit to ensuring we inform and help shape the debate.

Removing barriers – creating opportunity

The How

This section essentially sets out *how* the above actions and priorities will be achieved and the mechanisms at our disposals to best accomplish them. Investment in Futures is not about a wish list or producing a high level strategic document that sits on a shelf. Our strong intention is to ensure Investment in Futures is a living and dynamic framework. Key to achieving this is the formulation of an annual action plan which will drive forward important aims and ensure the strategy remains up-to-date, vibrant and relevant. This action plan will be shared with key partner organisations as a means of demonstrating the ways in which Investment in Futures is contributing to wider strategic goals, especially those linked to wealth creation, employment and economic development. In essence this will mean Investment in Futures, although an important strategic document in its own right, will also underpin and help shape and deliver wider policies and frameworks. We will achieve this through alliances like the Strategic Housing and Economic Fora in operation within local authorities, by demonstrating to decision and policy makers the added value generated by Financial Inclusion, and through close collaboration on key projects and ventures such as fuel poverty and sustainable homes.

Joining-up

Investment in Futures is a joined-up strategy requiring joined-up delivery. Financial inclusion will be mainstreamed into all organisational activities and we will ensure it plays a rightful role in the economic prosperity of towns and settlements. Whilst Investment in Futures belongs to Melin Homes, we will use the strategy as a lever for demonstrating to others the benefits and rewards of joined-up action. We will achieve this sense of coordination and integration through extending the membership of the FI Steering Group

to involve key partners, by delivering projects that involve and engage important stakeholders, and ensuring that all sectors – private and public – are signed up to the principles of Investment in Futures.

Communications and Marketing

Consideration must be given to the best ways of reaching the target market for Investment in Futures – that is partner organisations and agencies and the people whom we aim to help. It will be necessary to use a mix of communication channels: mainstream and specialist, and there is also potential to market specific projects and initiatives related to other campaigns. For example, those around health, fuel poverty and energy efficiency.

It is the experience of the FSA that those experiencing extreme financial or social exclusion tend to be less receptive to mainstream marketing. The suggestion is that to effectively reach these groups, direct referrals from organisations already operating some services are the most successful course of action. There is therefore potential to develop information sharing protocols and referral practices with relevant agencies to help facilitate this. Consideration will also be given to ‘trigger points’ for access to financial services. For example, debt crises traditionally drive interactions with money advice services but, as with accessing financial products and existing advice provision, significant life changes are also triggers. Investment in Futures and the products, services and projects it offers and supports need to be highly visible at times when people leave home, enter or leave employment, get married, have children or experience ill health.

Going Digital – Schools and Community

Melin Homes is currently working with Torfaen CBC to pioneer digital inclusion in local schools so that delivery of education is more aligned to the learning processes of children. Financial literacy has to begin in schools and therefore links to IT and new digital learning environments must increasingly be made. Managing savings accounts on line may therefore be something that can easily be supported and, linked with WAG’s ambition for all secondary school pupils to have access to credit union accounts, there is considerable scope and potential for development.

Whilst a focus on schools is vital, the school-home link is even more fundamental. Broadband enabled homes and use of digi-tv services offer huge potential to engage all family members in digitally-enabled financial inclusion products and services. The use of ICT and digital equipment in promoting and supporting financial inclusion will continued to be explored as Melin Homes' digital agenda gains pace and moves forward.

Training and Development

The success of Investment in Futures rests on the knowledge, understandings and skills of Melin's staff and partners and how effectively this is delivered to financially excluded households. In terms of internal training and development for all officers, our basic package will include a focus on:

- Financial Inclusion and exclusion – its causes and effects of being excluded
- The importance of having the appropriate skills, knowledge and confidence to be financially included and where and how customers can be assisted to access services and improve skills and knowledge
- The support skills needed to help customers overcome barriers and know the appropriate agencies to contact for more specialist advice
- Local agencies and organisations that provide financial inclusion services and how important it is to form constructive relationship with them

Investment in Futures demonstrates the widespread nature of financial inclusion and the ways in which it underpins all our services and functions. To this end, it is of critical importance that all staff receives basic financial inclusion training along the lines of the above.

In terms of more specialist information however, and ensuring we remain at the cutting edge of new developments in financial inclusion, key officers, external partners and other agencies will need continual training and expertise. One model emerging from the New Economics Foundation (2009) which provides a blueprint for future training and development for Melin and its partners is the 'one stop shop' concept. This brings together the expertise of those working in the front line of financial exclusion and, in the current climate, could provide a real focus on helping affected households through recession. It will become increasingly important for Melin and key partners to access

and, in some cases, deliver training and packages that disseminate findings of pilots, promote best practice and demonstrate added value.

Investment in Futures commits to training and developing all Melin Homes staff in relation to basic financial inclusion advice and services. Beyond this, it commits to ensuring key officers have access to training and development which is focused, relevant and linked to wider strategic agendas. This information will be shared with stakeholders and a partnership approach will be encouraged that supports the one stop shop approach. Evidence from across the UK shows that housing association staff who deliver basic advice will help to avert evictions and provide access to affordable lending. While this is of massive importance, we must go further.

CHAPTER 3 SUMMARY: KEY MESSAGES AND PRIORITIES

- Intervention activities will include developing schemes and initiatives that focus on income maximization and debt and benefits advice
- Enabling activities will include developing schemes and initiatives that focus on improving access to financial services and products
- Investment in Futures will be a living and dynamic document that embeds the principles of financial inclusion in the culture and business activities of the organisation
- An annual action plan will be produced in collaboration with key partners in order to keep the Strategy current, relevant and vibrant
- Investment in Futures will make an important contribution to LA wider strategic goals and, in particular, strategies and frameworks for economic development, regeneration and wealth creation
- A key priority is to extend and diversify the membership of the Financial Inclusion Steering Group in order to drive forward delivery in joined-up ways
- Key messages, principles and objectives for increasing financial inclusion will be conveyed through a mix of communication channels
- Investment in Futures will contribute to closing the digital divide through ICT projects that encourage skills development in local schools and communities
- The ongoing training and development of staff will be fundamental to the long-term success of Investment in Futures

4. RESOURCES AND CAPACITY TO DELIVER

Investment in Futures has a clear delivery focus. This section will therefore focus on resources: that is the financial commitment, officer input and partnership contribution required to make Investment in Futures a reality. This is best sustained in the long-term by mainstreaming activity and embedding the values required to support this agenda rather than one off initiatives or short-term funding. A focus on resources therefore must bring together the need to work in ways which promote wider financial recovery with the need to maximise organisational and external funding opportunities and options.

Resources and Capacity

Organisational Resources and Change

Melin Homes has made a clear organisational commitment to financial inclusion at the heart of which sits Investment in Futures. Recent structural changes have seen the introduction of the new Community Investment service area within which Financial Inclusion services are situated. This alignment of Financial Inclusion, along with functions such as Community Development, 'Priority Communities' and New Opportunities, symbolises our appetite for strategic growth and development and an 'added value' focus. Financial Inclusion is not about an 'add on' to housing management functions. Rather it is a key building block in the transformation and sustainability of communities.

Investment in Futures contains objectives that will underpin activities of all services and, as such, recently produced Departmental Plans make clear which of their activities will impact positively on the FI agenda.

The new structure therefore puts financial inclusion at its core. However, given that outward-facing activities and partnership working will inevitably increase as a result of Investment in Futures, the resource and capacity situation will be monitored on an ongoing basis in order to ensure fitness for purpose.

Funding Opportunities and Options

The main aim of Investment in Futures is to help people develop skills to manage their money and take part in the credit market. However, if the credit market is damaged or unable to function effectively longer-term, there is a danger that financial inclusion objectives are seriously undermined. In terms of assisting recovery in global and local credit markets, we aim to:

- Alleviate the incidence of short and long-term worklessness through 'Better off in Work'
- Create opportunities for community regeneration through public-private development partnerships and Joint Ventures which share financial risk and responsibility
- Promote flexible forms of tenure so that housing costs are better aligned to income and affordability and helping to stabilise the housing market
- Contribute to a 'low carbon economy' through green refurbishment and development programmes which create new jobs, training and apprenticeship opportunities
- Assist ambitions around the 'knowledge economy' by promoting digital inclusion, technological enablement in homes and associated employment opportunities
- Support local community enterprise through support, advice and 'start-up packages'
- Utilise public funding for Housing in ways which demonstrate 'added value' – regeneration and learning opportunities, job creation, skills development and improved wellbeing
- Work with LA and private sector partners to make linkages between financial inclusion and wider plans aimed at wealth creation and economic regeneration
- Work with professional bodies like CIH and CHC to lobby the Government for additional housing investment ahead of the proposed Spending Review round during Autumn 2009

In relation to direct funding opportunities to help promote financial inclusion initiatives and projects, we will:

- Develop strategic relationships with banks and building societies to ensure their financial inclusion objectives reach our communities, people and enterprises
- Keep Investment in Futures up-to-date and relevant in order to access Financial Inclusion funds to soon be made available by WAG
- Develop mixed funding packages that draw on public and private resources to deliver a range of complementary projects that increase financial capability
- Utilise 'Funder Finder' to ensure we have up-to-date information on funding sources that are most applicable to our financial inclusion activities
- Work collaboratively with others to pool resources for financial inclusion activities so that funding is maximised and used in 'added value' ways
- Work closely with the Financial Inclusion Champion for Wales to maintain awareness of funding opportunities and options
- Establish strategic partnerships with Utilities Companies that ensure resources available for tackling fuel poverty and promoting fuel efficiency are targeted in more preventative ways
- Develop expertise around maximising the 'community benefit' of Section 106 Planning Agreements.

Delivering in Partnership

In developing Investment in Futures, Melin Homes has established an internal FI working group which has overseen development of key principles and objectives. The working group has comprised representatives from all service areas and has been skilfully facilitated by the national Financial Inclusion Champion for Wales. This process has helped emphasise the importance of organisational ownership of financial inclusion.

Melin has also collaborated with external organisations around frameworks for FI related issues such as affordable warmth, energy efficiency, holistic area regeneration and money advice. Formal linkages have been made regionally with the Monmouthshire FI Partnership, the Torfaen Affordable Warmth Strategy Group and Economic Forum, Newport Credit Union and Savings Gateway, and also with national bodies such as CIH, Shelter Cymru and CHC.

Good partnership working will be equally important in the delivery of Investment in Futures and the next step is to facilitate an 'action planning' session with a wide range of

regional and local stakeholders. This will enable a co-ordinated approach to agreeing priorities for action in year one and will promote linkages with the wider strategic agenda.

Investment in Futures represents an important step forwards for the financial inclusion agenda in Wales and therefore we feel an opportunity exists for Melin to play a coordinating role. Our ambition is to provide strategic coherence, direction and synchronisation to the FI landscape and to play a main role in optimising impact. This will create opportunities to share notable practice and, where appropriate, to join-up approaches across organisations and agencies.

It is our hope that, through the process of ‘action planning’, a way forward can be determined that balances the ability of organisations to continue to develop individual approaches to FI with the need to establish overall coherence and coordination.

Cost-Benefits

Investment in Futures commits to continually building an evidence base that can be used with funders, partners, Government and the private sector to show that investment in financial inclusion makes good business and social sense.

Business Plan and RISK

Investment in Futures has clear potential to not only underpin the current business objectives of Melin Homes, but future ones too. Directly or indirectly, the principles of financial inclusion relate to all business plan objectives and cut across targets to invest in the organisation’s staff, people and partnerships. In this way, the success of our organisational business plan will reflect our success in financial inclusion matters. While there are clearly some minor risks attached to carrying out FI activities and aims in the way suggested, there would undoubtedly be a major impact on the organisation if financial inclusion was not placed at the heart of the business. In this way, it could be considered that more risks are posed to the organisation through *non delivery* of Investment in Futures. Main areas of risk are set out as follows:

Risk	Impact
Loss/ lack of corporate ownership of FI	Organisational and reputational in that FI

	seen as an 'add on'. Costs increase through lack of preventative and proactive focus
Investment in Futures is not a living document	Business and reputational in that costs will outweigh benefits and we will lose credibility to outside world
Insufficient partnership support, collaboration and joint working	Organisational and reputational. Melin cannot deliver alone. However, because it is a Melin Strategy, external perception likely to be one of failure
Insufficient assertion of leadership and coordination capabilities among regional partners	Sector-wide and reputational. If Investment in Futures as a pioneering FI strategy does work, the impact will be wider than Melin Homes.
Insufficient funding and capacity to deliver holistic FI activities	Organisational, business, community and reputational. If services cannot be provided in response to needs, financial exclusion will result
Insufficient evidence base to support FI evolution	Organisational, business and community. If interventions bear no relation to what is needed, Investment in Futures will have no legitimacy which would impact on structures, roles and remits
Failure to make wider links with economic recovery plans and strategies aimed at wealth creation and regeneration	Organisational, business and community. If we do not show how we can help wider economic situation, things will worsen and issues of financial exclusion will be exacerbated and FI cannot be supported by market-place
Worsening recession	Organisational, business and community. Impact would be on business capabilities of organisation as

	a whole. In particular, non core activities
Failure to implement Investment in Futures	Organisational, business, community and reputational. Results would be worsening economic market, higher costs, lower benefits and inability to meet the true needs of our communities and residents

CHAPTER 4 SUMMARY: KEY MESSAGES AND PRIORITIES

- In terms of resources, a main priority will be to mainstream financial inclusion activity into our work, embedding values to support the agenda rather than developing one-off initiatives and securing short-term funding
- The new organisational structure and the introduction of ‘Community Investment’ offers opportunities for the creative, but sustainable, delivery of financial inclusion objectives
- Our approach to securing and maximizing resources will be two-pronged. We want to help people develop skills to take part in the credit market. However, if credit markets are damaged, financial inclusion is undermined
- Securing appropriate resources for financial inclusion will require innovation, linkages with wider strategies and plans, and the ability to successfully bring together a range of funding sources
- Delivering Investment in Futures in partnership will ensure a wide ranging impact and demonstrate that the benefits outweigh the costs
- The main risks associated with the strategy involve its non-delivery

5. IMPLEMENTATION – MONITORING, TARGETS AND OUTCOMES

Investment in Futures is a five year Strategy. Annually, an action plan will be produced that takes forward key priorities for delivery over the 12 month period. What is to be emphasised however is that the initial 12-24 month phase of the Strategy must have a strong organisational learning component to it. Financial awareness, capability and inclusion are long-term processes. Added to this is the uncertainty of the continuing economic crisis and, as such, we cannot expect there to be significant impacts on 'global' indicators of financial inclusion in a two year period. This section will therefore set out the pace at which Investment in Futures can be expected to progress and the monitoring methods that will be put in place to guide achievement of key outcomes.

Monitoring and Evaluation

Action Plan

The annual Action Plan gives Investment in Futures its teeth and, through its delivery, will embed the culture throughout the organisation's operation. The Action Plan will be formulated and monitored by our FI Steering Group and wider partnership alliance, which will include our Residents' Panel, LA partners, private sector stakeholders and the National Financial Inclusion Champion for Wales. An annual 'evidence' event will be held that brings all key partners together to hear up-to-date information, refresh the Strategy and agree actions to be carried forward into the action plan. This will also provide the opportunity to reflect comprehensively on the previous year's progress and to consider good practice and opportunities for collaboration. Monitoring will also occur on an ongoing basis through quarterly steering group meetings, the membership of which will be extended to include relevant external sub-regional stakeholders. This group will be responsible on a day-to-day basis for developing, implementing and monitoring the Action Plan.

Reference has also been made in the previous chapter, in relation to the potential for Melin, to adopt a stronger leadership role in relation to the regional direction of financial inclusion. This would provide a sense of improved coordination and coherence across the five LA areas in which we work and a strong sense of identity for the GENuS consortium. This however is a more medium term goal and, whilst it clearly holds

potential to achieve the levels of synchronisation and dexterity needed to execute effective FI services, it is not something which will be quickly achievable.

The action plan includes a clear breakdown of resource requirements and availability which will allow for a detailed examination of the impact of the Strategy and Action Plan. The Action Plan will therefore be outcome focussed with clear and measurable baseline information and targets. Progress against the Action Plan will also be reported to Melin's Corporate Management Team on a monthly basis and to the Board of Melin Homes bi-annually.

Residents' Panel and Community Engagement

The involvement role of residents and, in particular, our residents' panel will ensure Investment in Futures and its Action Plan is kept real and alive. A compelling evidence base is of fundamental importance. If Investment in Futures is to be a success, it needs to be constantly informed by the experiences of our customers and communities: a knowledge of their needs, wants and, importantly, an understanding of their aspirations. Whilst information is required about individual financial circumstances in the domestic sense, we also need to capture the ways in which Investment in Futures can assist social enterprise, job creation, financial literacy in schools and quality of life overall.

Our Residents' Panel offers an excellent means of tapping into some of this information and knowledge. However, in order to make communities better places in which to live, work and play, we also need to understand the problems and issues faced by local businesses, schools, community groups and public services to have a wider and more sustainable impact. We will therefore engage individuals, groups, businesses and agencies through our Community Development initiatives, housing management plus activities in 'priority communities' and multi-agency partnerships.

Links to wider strategies and plans

Financial Inclusion and wider regeneration has been recognised by the UK Government and WAG as of critical importance to individuals and the wider economic environment. We will therefore engage with strategic fora and alliances at national, regional and local levels to ensure FI is embedded in wider strategies aimed at wealth creation, economic growth and community investment.

- Local
 - LA Strategies for regeneration, economic development and wealth creation and associated partnerships and alliances
 - LA Strategies aimed at energy efficiency and sustainable development and associated Energy Alliance
 - LA Community Strategies and Corporate Plans linked to Local Service Boards
 - LA Local Housing Strategies and Strategic Housing Fora
 - Public-private Holistic Area Regeneration Plans and new Strategic Regeneration Areas
- Regional
 - Heads we Win Strategy for Heads of Valleys and HoV Core Group
 - SEW Regional Housing Forum and SEW Economic Forum
- National
 - National Housing Strategy (2008) and Expert Panel
 - Essex Review of Affordable Housing Implementation Plan and work streams
 - National Financial Inclusion Strategy, Taskforce and Champions
 - National Economic Strategy and Summit

Targets and Indicators

A robust set of indicators are required to allow strategic evaluation to take place. Through the action planning process, further work will be required to develop and agree an initial set of high level indicators. There are a number of sources currently in development that might be used to inform this exercise such as the FSAs baseline indicators. In addition, a key task for the Residents' Panel might be to develop a set of appropriate measures. It is also likely that a good baseline will emerge from surveys and profiling work undertaken via Community Development and 'Priority communities'.

An initial set of high level indicators might include:

- The proportion of households with savings and investments
- The proportion of households with access to bank accounts

- The proportion of households relying on expensive forms of credit
- The proportion of households feeling able to cope in the event of financial emergency
- The proportion of customers using financial services to report debt problems as a result of defined 'trigger points'
- The proportion of households and services feeling confident about financial choices they have made
- The proportion of long-term workless helped back into work, training and/ or education
- The proportion of secondary school children with access to credit union accounts
- The proportion of households in rent arrears
- The proportion of households in mortgage arrears helped through the Mortgage Rescue scheme
- The proportion of households in fuel poverty

Further 'process' type indicators might also be established to capture other important changes:

- Staff skills and knowledge
- Successes of partnership working
- Added value and wider benefits for individuals and the organisation
- Good practice to be take forward into wider service provision

SMART Outcomes

Understanding the difference between outputs and outcomes will make a significant contribution to the effective monitoring and evaluation of Investment in Futures. An output is a direct product of activity delivered. For example, the number of Financial Inclusion training sessions delivered to Melin Homes' staff. An outcome however is the benefit or change for participants after the activity. For example, the increased knowledge and skills of staff. It is important that outcomes are SMART – that is Specific, Measurable, Achievable, Realistic and Time-bound. This provides a good basis from which to measure the success of Investment in Futures and will ensure a focus on accountability, quality and integrity.

Equality and Diversity

Melin Homes aims to make equality and diversity part of everything we do and to be a central point of contact for advice and action on discrimination. Equality of opportunity is the underpinning theme of Investment in Futures and, while financial exclusion is a significant issue in its own right, it is also one of the most serious manifestations of social exclusion. Investment in Futures is therefore about aiming to create equality of opportunity regardless of status or background. Investment in Futures is about social justice and sustainability.

CHAPTER 5 SUMMARY: KEY MESSAGES AND PRIORITIES

- An annual action plan will be developed and monitored by the FI Steering Group, offering potential for reflection on performance and forward planning
- The action plan will contain a clear break down of resources, timescales, impact and outcomes and measurable baseline targets
- Melin's Board and Corporate Management Team will have a clear role to play in monitoring and evaluating success of the strategy
- Residents, community groups and partners will be engaged through a variety of mechanisms on an ongoing basis in order to ensure Investment in Futures remains relevant and fresh
- Making the Connections: Investment in Futures will link to plans, strategies and frameworks at local, regional and national levels
- High level indicators will be developed in the early stages of delivery in order to guide progress in appropriate and clearly measurable ways
- Outcomes will be SMART
- Financial Inclusion is one of the most serious forms of social exclusion and, as such, equality and diversity issues are at the centre of Investment in Futures