

National Assembly for Wales

Children, Young People and Education Committee

FEI 19

Financial Education and Inclusion (Wales) Bill

Evidence from : Financial Inclusion Together Project Board

Introduction

This consultation response is made on behalf of the Financial Inclusion Together Project Board. Financial Inclusion Together is a project supported by the European Social Fund through the Welsh Government. The project aims to tackle poverty by developing, coordinating and promoting financial inclusion services within Local Service Board organisations across Conwy and Denbighshire.

For more information about this project please contact Sarah Lamberton, Project Manager for Financial Inclusion Together via email: sarah.lamberton@denbighshire.gov.uk or telephone 01824 712373.

Response to consultation questions

1. Is there a need for a Bill for these purposes? Please explain your answer.

1.1 Yes, the FIT Project Board would support the introduction of a new bill for the purposes outlined. Such a Bill would develop preventative measures locally that would enable citizens to be more financially resilient. Citizens will be more likely to develop the essential skills and knowledge needed to better manage their finances, plan for the future and access quality information, support and advice.

1.2 It will help tackle the following issues in Conwy and Denbighshire:

- Increasing debt levels. In 2012, Denbighshire Citizen Advice Bureau saw a 26% increase on the previous year with helping people with debt problems.¹
- Variability of financial literacy skills across the population
- Rising in-work poverty figures
- Those with or entitled to in/out of work benefits and credits.

2. Do you think the Bill, as drafted, delivers the stated objectives as set out in the Explanatory Memorandum? Please explain your answer.

2.1 The Project Board welcomes that the Bill will make provision for Local Authorities to develop a strategy as part of its wider strategic priorities and that a standalone single strategy will not have to be produced.

2.2 The Board supports section 8 (4) of the Bill (A local authority must publish a report in each financial year setting out how it implemented its financial inclusion strategy in the previous financial year), however would advise that as per section 10 (1) of the Bill (that Minister's can issue Local Authorities guidance about financial inclusion strategies), an outcome focused approach is taken with flexibility given to local authorities to set performance measures /targets based on local need and circumstances.

3. Are the sections of the Bill as drafted appropriate to bring about the purposes described above? If not, what changes need to be made to the Bill?

¹ Denbighshire DAB 'A safe port in a financial storm – Debt survey 2012'

- 3.1 The Board welcomes section 8(2): that a local authority must consult such persons as it thinks appropriate (including organisations that appear to exist wholly or mainly to provide benefits for society or the environment (“third sector” organisations)).
- 3.2 The Board welcomes section 9(1)(e) of the bill: that when developing strategies local authorities must collaborate with organisations in its area which promote financial inclusion.
- 3.3 It would however also recommend that in both sections a local authority must also consult with relevant local networks. For example in Denbighshire, the Denbighshire Advice Network and in Conwy, the Conwy Financial Inclusion Group. These networks play a central role to ensuring effective delivery of financial inclusion services across the two counties.
- 3.4 The Board recommend that the Bill make provision for Welsh Minister’s to report annually on the impact of the Financial Education and Inclusion bill against anti-poverty legislation, plans, performance measures & indicators to ensure that a direct connection is made between the areas of legislation.

7. What are your views on powers in the Bill for Welsh Ministers to make subordinate legislation (i.e. statutory instruments, including regulations, orders and directions)?

7.1 Such an approach is welcomed by the board, and it is important that local authorities and relevant partners are supported by Welsh Government to deliver such legislation. The Board would recommend however that work already undertaken by Welsh Government on the Advice Services Review in 2013 and subsequent Local Support Service Framework is taken into account when developing any such legislation.

8. Other comments

8.1 The Board recommend that in developing the Bill and any subsequent legislation the new Literacy and Numeracy Framework for Wales is taken into account, given the direct links to be made to improving financial education and literacy.

8.2 As identified in the Explanatory Memorandum, the introduction of the Financial Education and Inclusion (Wales) Bill would have a considerable financial impact for both local authorities and relevant partner organisations. It is not clear in the Explanatory Memorandum how these costs would be met. Local Authorities, Welsh Government (and a number of partner organisations) now have to manage on reduced budgets and anticipate further cuts in the future. The FIT Project Board recommend that introduction of such a proposed bill would need to come with a dedicated funding stream in order for legislation to be implemented effectively and without negative impact on local provision of services.

8.3 The FIT project has now provided Financial Inclusion awareness raising training to over 800 public and third sector staff in Conwy and Denbighshire. Performance data captured from the project has shown that:

- 79% of workers report increased knowledge, confidence and ability to recognise financial inclusion
- 76% of workers report increased confidence to make referrals
- 73% of workers believe that as a result of attending the session they and / or their family will be more financially included

8.4 Given recent statistics evidencing rising in work poverty, and the number of citizens employed through public sector organisations, real benefit can be gained from supporting staff to understand financial inclusion and relevant services available. Not only can they apply the learning to their family and friends, but they can also support the people they are working with.

8.5 To deliver the requirements of the new Bill, more frontline staff and managers will need to understand financial inclusion and have knowledge on the relevant services and support available locally. The Board recommend that the FIT Project Evaluation is considered alongside the development

of any legislative guidance related to the Bill and best practice adopted where practicable. As part of the FIT Project Legacy a Financial Inclusion and Tackling Poverty eLearning module is being launched that will help improve financial inclusion awareness amongst frontline workers. This could be scaled up for access by partners across Wales as an effective learning resource.