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Ysgrifennydd y Cabinet dros Gymunedau a Phlant
Cabinet Secretary for Communities and Children



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref MA/CS/0968/17

John Griffiths AM
Chair of the Equality, Local Government and Communities Committee

Y Pwyllgor Cydraddoldeb, Llywodraeth Leol a Chymunedau
Equality, Local Government and Communities Committee
ELGC(5)-11-17 Papur 7/ Paper 7

21 March 2017

Dear John,

Thank you for your letter dated 28 February which requested information on the under claiming of benefits and the work Welsh Government is undertaking to support and promote credit unions following the Cabinet Secretary for Economy and Infrastructure's oral evidence session at the Equality, Local Government and Communities Committee on 8 February.

Unclaimed Benefits

Better Advice, Better Lives

People across Wales are facing many challenges in light of the wide range of welfare reforms which have hit low income earners, families and those most in need. The service provided by Citizens Advice through the Better Advice Better Lives (BABL) project is an excellent example of support being delivered to the people who need it most. One of the aims of BABL is to maximise income for people living in deprived areas whose health is likely to be affected by poverty.

The BABL scheme helps maximise income for families, including those with disabled children, and reaches out to people through healthcare settings to help provide a more holistic service, engaging with those less likely to self refer for advice. It is delivered from 150 Primary and Secondary Healthcare settings, including GP surgeries and community based clinics with coverage over all twenty two local authorities in Wales.

Citizens Advice Cymru has been awarded £2.2million per annum since 2012 to deliver this project, providing face to face advice services in a variety of health settings. The localised presence enables Citizens Advice to work closely with disability organisations and Local Authorities to ensure appropriate, expert advice is made available to families with disabled children. It also encourages the take-up of council tax and housing benefits, alongside other benefits entitlements, especially amongst those people and groups less likely to claim.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Since the start of the project in 2012 until December 2016, BABL has helped over 88,000 people bringing in confirmed gains of over £92million. Funding has been agreed for Citizens Advice Cymru to continue to deliver the BABL project in 2017/18.

Good advice is a vital part of improving the experience of people living in Wales and contributes towards the aims of the Welsh Government's Child Poverty Strategy, including the prevention of Adverse Childhood Experiences, the Financial Inclusion Strategy, the Equalities Objectives 2016-2020 and the goals of the Well-being of Future Generations Act 2015, made achievable through the five ways of working.

Unclaimed benefits

The Welsh Government does not hold equivalent information to that published by the Department for Work and Pensions (DWP) on the take-up of income-related benefits. DWP used to publish this data at a Wales level. However, since February 2012, this geographical breakdown has not been published as part of this dataset. The latest published estimates of take-up of income-related benefits at a Wales level relate to the financial year 2009-10. Although quite dated, these estimates show for Income Support, Employment and Support Allowance (income-related), Housing Benefit and Council Tax Benefit, the proportion of those entitled who are actually claiming these benefits is much the same in Wales as elsewhere in the UK. For Jobseeker's Allowance (income-based), the proportion who are claiming is higher than elsewhere in the UK, while for Pension Credit the proportion of those entitled who are claiming is lower than elsewhere in the UK.

HM Revenue and Customs (HMRC) has published more recent data (2014-15) for the take-up of tax credits in Wales. The central estimate for 2014-15 shows a caseload take-up rate of 90% in Wales, which is slightly higher than that for the UK (86%). In terms of the tax credit expenditure take-up rate, the central estimates are 96% for Wales and 92% for the UK.

Financial Inclusion

Credit Unions are key partners in the delivery of the Financial Inclusion Strategy published in March 2016. We are continuing to work closely with the credit union movement in the implementation of the Financial Inclusion Strategy and Delivery Plan. The sector is represented on the Financial Inclusion Steering Group and is fully engaged in this process.

Credit unions are central to our efforts to promote financial inclusion. From the current Welsh Government funding given to credit unions, just over £20.4 million was provided in loans to more than 25,000 financially excluded members between April 2014 and September 2016. This helps to demonstrate the role credit unions play.

In terms of funding, I have been clear that the support given to credit unions must continue to address financial exclusion. In January I approved funding of £422,334 for an application-based grant scheme for credit unions seeking Welsh Government support during 2017-18. The proposals which will be funded from 1 April 2017 will help credit unions continue to support financially excluded members and deliver specific actions set out in our Financial Inclusion Delivery Plan. The successful projects may also contribute to increasing the credit unions sustainability through increased membership, supporting the aims identified in the Credit Union Strategy for Wales. I am keen to encourage collaboration and collaborative projects will be prioritised.

Over recent months I have written to private sector companies with the aim of encouraging payroll deduction to their workforce. This is an important way of gaining new members, helping credit Unions become more sustainable in the long-term. I will continue to work with credit unions to raise their profile across the public, private and third sectors.

The credit Union sector in Wales has been transformed over the last 15 years. Since the year 2000, credit union membership has risen from 10,000 to over 75,000 currently. In this time many Welsh credit unions have strengthened and professionalised their services immeasurably. The ambition now is to build on these firm foundations.

Yours sincerely

A handwritten signature in black ink, reading 'Carl Sargeant'. The signature is written in a cursive style with a large, sweeping initial 'C'.

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