



Response to the National Assembly for Wales' Children, Young People and Education Committee's Consultation on the Financial Education and Inclusion (Wales) Bill – September 2014

About Citizens Advice Cymru

- 1.1 Citizens Advice is an independent charity covering England and Wales operating as Citizens Advice Cymru in Wales with offices in Cardiff and Rhyl. There are 20 member Citizen Advice Bureaux in Wales, all of whom are members of Citizens Advice Cymru, delivering services from over 375 locations.

The twin aims of the Citizens Advice service are:

- to provide the advice people need for the problems they face
- to improve the policies and practices that affect people's lives.

- 1.2 Financial education is becoming an increasingly substantial part of the work of the Citizens Advice service. Much of this work has been through our Financial Skills for Life Programme which was established in 2002 in partnership with Prudential. In 2013, 80 per cent of Citizens Advice Bureaux in Wales (16 bureaux) provided financial capability services in their local communities, with slightly more (17 bureaux) doing or planning financial capability work in 2014.

Bureaux deliver financial capability initiatives direct to those in need of them and also to front-line workers e.g. housing association staff who are in contact with those on low incomes and/or in vulnerable groups. Across Wales 4,900 people received direct (face-to-face) training in 2013 with an additional 11,000 people benefiting through the 'cascade' effect from frontline workers to their clients.

- 1.3 Citizens Advice Cymru also holds the prime-contract for the delivery of the Face-to-Face Money Advice Project in Wales and is the lead organisation for the Face-to-Face Debt Advice Project across Wales, both of which are funded by the Money Advice Service (MAS). The Money Advice contract was initially for three years and has since been extended for a further two years until the end of March 2016. During 2013/14, the service delivered nearly 6,400 sessions (representing 120 per cent of the project target) from over 175 community locations across Wales, including hospitals, supermarkets, and libraries.

- 1.4 In addition to the above Citizens Advice Cymru also manage the Welsh Government's Communities First Shared Outcomes Project which began in October 2013 and is due to run until March 2015. This project supports all 36 of the 52 Communities First Clusters in Wales that previously lacked dedicated, community-based outreach services for debt advice, welfare benefits advice (including income maximisation) or financial capability provision. Financial capability work is currently being delivered in four areas – Cardiff (15 outreach locations); Merthyr Tydfil (6 locations); Torfaen and Conwy (each from 5 locations).

Q1: Is there a need for a Bill to equip people in Wales with the financial competency they need to manage their financial circumstances effectively?

- 2.1 Citizens Advice Cymru broadly support the general principles of the Financial Education and Inclusion (Wales) Bill. The current economic climate and the raft of benefit changes being introduced now and over the coming years (particularly universal credit) is exacerbating the need for people to be better informed on money issues.
- 2.2 The financial pressures households across Wales continue to experience was highlighted in recent research commissioned by Citizens Advice Cymru and Shelter Cymru in July 2014. This research found that 70 per cent of Welsh adults remain worried about the rising cost of living and more than half (58 per cent) are struggling to keep up with bills and credit commitments, rising to two thirds (67 per cent) of those in social grade C2/DE¹.
- 2.3 Our recent report '[One day at a time](#)' also examines the cumulative impact of welfare reform on benefit claimants in Wales. It is based on evidence from across the Citizens Advice Bureau network in Wales as well as bespoke qualitative research commissioned by Citizens Advice Cymru to explore the 'lived experience' of the recent benefit changes and people's perceived capacity to manage in the future.

The findings show how the reforms are currently having a predominantly negative impact on claimant's lives, particularly those living with a disability or long term health condition. They also emphasise the importance of providing holistic support to claimants, including linking information on benefit changes with advice to address financial capability needs/budgeting support (as well as other types of advice).

¹ http://www.citizensadvice.org.uk/index/pressoffice/press_index/press_2014080702.htm

- 2.4 The value of improving people's financial capability has been proven during independent evaluations of the financial education initiatives run by Citizens Advice Bureaux. Over the last decade evaluations have shown how these programmes have consistently helped to improve people's confidence and skills in money management. A range of wider 'social benefits' were also identified such as lower levels of stress, ability to plan for employment, ability to maintain a tenancy or mortgage, increased confidence as a consumer and the ability to support friends and family. Investing in financial capability programmes also brings real financial returns, not only to individual households but also to the local economy with the multiplier effect of increased demand for goods and services².
- 2.5 **Citizens Advice Cymru believe while there are particular areas within the Bill where legislation would be beneficial, there are also areas where existing mechanisms and legislation could be used to achieve a number of the Bill's objectives.**

Financial education to be provided in maintained schools (sections 4 and 5)

- 2.6 For 7 to 16 year olds financial education has been embedded into the national curriculum in maintained schools in Wales since September 2008, principally in Mathematics, Personal and Social Education (PSE) and Careers and the World of Work (for students aged 11 to 19). This has since been strengthened further through the Literacy and Numeracy Framework.
- 2.7 We strongly support these developments and welcome the progress that has been made in recent years in delivering financial education within schools in Wales. In this respect Wales has been well ahead of England where financial education is only now being formally taught through the new National Curriculum for England i.e. from September 2014.
- 2.8 The success of current approaches will only be known by effective monitoring and evaluation. As such we were concerned about the findings of Estyn's 'Money Matters' report (from 2011) which highlighted the lack of consistency in the delivery of financial education in schools across Wales. We strongly endorse the whole school approach to financial education and were disappointed to see that at the time of the report only a minority of schools *"had carefully planned and mapped opportunities for financial education in subjects or topics across the curriculum"*.

² 'From small change to lasting change: Financial Skills for Life 2002-2012', Citizens Advice & Prudential (May 2012)

- 2.9 We recognise the value of giving financial education a statutory footing within the basic curriculum in Wales (similar to PSE and Careers and the World of Work) as proposed within the Bill, as this could go some way to ensuring equality and consistency in delivery across Wales.

While we support the general principle of making it a legal requirement, recent and continuing developments and reviews to the curriculum in Wales may go some way to addressing inconsistent delivery.

We therefore believe it may be more important to focus on ensuring definitive arrangements are put in place to regularly monitor the effectiveness of existing curriculum requirements with regards to financial education. This should include measuring the impact on pupils knowledge and behaviours (also see our response to Q3).

- 2.10 We strongly agree input from and collaboration between the statutory, private and third sectors is key to the success of financial education work. While we believe this could be achieved through effective partnership working we have no objection to including within the Bill provision for Welsh Ministers to consult with persons who have relevant expertise in financial services and financial management (section 5).

Annual report (section 6)

- 2.11 Issues regarding section 6 are discussed under question 3.

Children looked after by local authority (sections 7 and 11)

- 2.12 Research undertaken by Consumer Focus Wales³ in 2010⁴ confirms the importance of providing clear, well-structured financial education to young people living in local authority care long before they make the transition from care to independent living.

- 2.13 While the research found evidence of good practice, the findings also showed that in many cases the effectiveness of financial information provision by local authorities appeared limited and inconsistent.

³ On 1st April 2013 responsibility for consumer representation was transferred from Consumer Focus to the Citizens Advice Service (including Citizens Advice Cymru) following the UK Government's review of the consumer landscape.

⁴ 'From care to where? How young people cope financially after care', Consumer Focus Wales (March 2011)

- 2.14 We believe it is critical that the financial capability needs of a young person in local authority care are considered throughout their time in care, both as part of the development of their care and support plan and their pathway plan, in preparation for them leaving care. We also believe such needs should be reviewed at regular intervals after the age of 16 (eg ages 18 and 21) to identify any financial difficulties they may be experiencing and to direct them to appropriate support.
- 2.15 In relation to looked after children section 83 of the Social Services and Well-Being (Wales) Act 2014 specifies that regulations must make provision about what a care and support plan is to contain and that such plans must be kept under regular review. Section 107 also states that a pathway plan should set out the advice and support which the local authority intends to provide for the young person (categories 1 to 4) once they have reached the age of 16.
- 2.16 **We would welcome the amendment to the Social Services and Well-Being (Wales) Act to include such requirements on local authorities to ensure looked after children and care leavers receive appropriate financial education as part of their care plans.**

Advice about financial management (sections 12 and 13)

- 2.17 Notes 190 to 194 of the Explanatory Memorandum refer to the importance of people receiving good quality financial management advice and the importance of effective referral mechanisms to local advice and support organisations who are able to provide this. A number of bureaux in Wales have very good referral arrangements in place with their local authority eg. Caerphilly Council.
- 2.18 We welcome proposals within the Bill to help ensure local authorities signpost people in need of advice on money issues to appropriate local advice providers however we do not believe the proposals, as defined in sections 12 and 13, go far enough to make sure people are directed to free, quality advice.
- 2.19 Citizens Advice Cymru are continuing to work with the Welsh Government and other advice providers in Wales to develop national quality standards across the advice sector in line with the recommendations from the Welsh Government's Advice Services Review.
- 2.20 **If the Bill were to proceed we believe it should include a requirement for all organisations undertaking financial capability work to meet these national quality standards, once in place.**

Local authority duty to publish a financial inclusion strategy (sections 8 to 10)

- 2.21 Citizens Advice Cymru agrees commitment is needed at the highest level within local authorities to progress financial inclusion objectives but believe this work needs to be approached as part of the wider tackling poverty agenda. This should help to make sure activities to promote financial inclusion are linked with those associated with tackling housing issues/ homelessness; welfare reform; child poverty; fuel poverty; and local health, social care and well-being strategies.
- 2.22 **We believe local authorities could use existing statutory responsibilities (eg. child poverty duties) and a range of other mechanisms more effectively to improve financial inclusion amongst the local population, without the need for additional legislation.** For example, through the work being undertaken by the anti-poverty champions in each local authority; the public service reform agenda, including single integrated plans; the Families First and Flying Start Programmes, the Supporting People Programme and other fora such as Local Service Boards, and where they exist, financial inclusion partnerships and local Welfare Reform Boards.

Q2: Do you think the Bill, as drafted, delivers the stated objectives as set out in the Explanatory Memorandum?

Please see our response to Question 3.

Q3: 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?

Financial education in schools

- 3.1 Citizens Advice Cymru believes both strong leadership within schools and providing teachers with appropriate support to develop the necessary skills (in terms of their own training and developing relationships with external organisations) are critical to the success of further improving the delivery of financial education in schools in Wales.

It should not be assumed that all teachers are themselves financially capable. New financial products and services also mean financial capability needs are an evolving area where skills and competence levels need to be maintained. Therefore there are always going to be on-going training needs for people delivering financial education.

- 3.2 As noted within the Explanatory Memorandum the Welsh Financial Education Unit (WFEU), which operated between September 2008 and August 2013, played an important role in providing schools and teachers with the necessary support to deliver financial education. It also helped by identifying and promoting good practice and appropriate materials for teaching financial education, including bilingual resources.
- 3.3 Citizens Advice Cymru believes there remains a need for many of the functions previously undertaken by the Unit. We note that resources and materials remain available to schools via the Learning Wales website and it is envisaged that these could form the basis for any additional training that is required by the Bill. Whether or not the Bill proceeds it will be important that such materials are regularly reviewed to ensure they are still up-to-date, relevant and of good quality.
- 3.4 We also note the new National Model of Professional Learning proposed by the Education Minister in June 2014, which will need to include further opportunities to support teachers and schools in delivering financial education.
- 3.5 While these developments are welcome it is unclear at this stage whether they will be sufficient in ensuring effective delivery of financial education in schools or how quality standards will be maintained. As mentioned in paragraph 2.9 we believe it is critical that progress against existing and future curriculum requirements is regularly monitored and evaluated.
- 3.6 Evaluations of our own financial capability work have been extremely positive however across financial education provision in general there is currently no definitive idea of which interventions work best, particularly in the medium to long term. Various organisations have been exploring this issue in recent years. We understand the Money Advice Service is developing a common evaluation framework to provide financial education providers with guidance and practical tools for undertaking impact evaluations as part of their UK Financial Capability Strategy. We welcome this development.
- 3.7 **If the Bill were to proceed we would recommend including additional requirements for measuring and monitoring progress under section 6.** We agree that such monitoring should be a key element of the current inspection regime and would support Estyn having a role in leading on this.
- 3.8 We believe the content of the proposed annual progress report should be more clearly defined on the face of the Bill. This should include the level of consistency in approach throughout the school and measurable outcomes such as teacher training and support; impact on pupils awareness and behaviours, and a review of the quality and relevance

of teaching materials used, including bi-lingual resources where appropriate.

Financial education in the community

- 3.9 Citizens Advice Cymru also believes the Bill as currently drafted lacks detail on how opportunities for developing skills in financial literacy will be strengthened in community settings, particularly for parents (to support the work in schools) and adults who are more likely to face disadvantage.
- 3.10 Citizens Advice Bureaux run financial capability sessions targeted at a variety of different groups – including those on low incomes; households where no-one has paid work; those who are homeless or vulnerably housed; people with disabilities or long-term health conditions; people with mental health problems; people using domestic abuse support services and migrant workers.

As with bureaux's work with schools (see 5.1 below), programmes of this nature can be subject to uncertain funding streams or only target specific groups.

While the Face-to-Face Money Advice Project (see 1.3) has significantly improved the availability of money advice to the wider public in Wales, we remain concerned that there is currently a lack of advice, information and financial capability support available for some vulnerable groups, one particular example being offenders and their families.

Q4: How will the Bill change what organisations do currently and what impact will such changes have, if any?

- 4.1 Citizens Advice Bureaux are ideally placed to deliver financial capability work in schools however funding for this work can be sporadic and funder restrictions can also mean that such work may have to be targeted at other groups, for example workless adults or single parents. Levels of engagement will also often depend on capacity within the individual bureau. In 2013 across England and Wales just 21 per cent of bureaux delivering financial education worked with schools, compared to 89 per cent who worked with adults in community settings.
- 4.2 In Wales four bureaux (20 per cent) worked with schools during 2013, including working directly with pupils. Generally much of this work is ad-hoc and responsive to the invitation of schools, although some bureaux do proactively approach schools.
- 4.3 If financial education were to be given a statutory footing within the basic curriculum we would envisage that demand from schools for bureaux involvement in delivering financial capability sessions would

increase substantially. While this would be very welcome additional funding would be needed to support each individual bureau's capacity to manage this expected increase in demand.

- 4.4 We would also expect bureaux and other third sector advice providers to experience an increase in demand for advice on money management and potentially other forms of advice eg. debt advice, if the proposed new duties on local authorities were to be introduced, including increased signposting.

As noted in paragraph 2.17, while we welcome working in partnership with local authorities, and such arrangements are already in place in some areas, consideration needs to be given to potential capacity issues in meeting any increased demand. This is particularly critical at a time when bureaux across Wales are already experiencing increasing demand for their services due to welfare reform and a continuing difficult financial climate.

Q5: What are the potential barriers to implementing the provisions of the Bill (if any) and does the Bill take account of them?

Please see our response to Question 4.

Q6: Do you have any views on the way in which the Bill falls within the legislative competence of the National Assembly for Wales?

Citizens Advice Cymru believe the Bill falls within the legislative competence of the National Assembly for Wales.

Q7: What are your views on powers in the Bill for Welsh Ministers to make subordinate legislation?

No comment.

Q8: What are your views on the financial implications of the Bill?

Please see our response to Question 4.

Q9: Any other comments you wish to make about specific sections of the Bill?

No further comment.