



## Consultation Response

### Proposed Financial Education and Inclusion (Wales) Bill

#### National Assembly for Wales

April 2014

### Introduction

Age Cymru is the leading national charity working to improve the lives of all older people in Wales. We believe older people should be able to lead healthy and fulfilled lives, have adequate income, access to high quality services and the opportunity to shape their own future. We seek to provide a strong voice for all older people in Wales and to raise awareness of the issues of importance to them.

We are pleased to provide our views to the consultation on Bethan Jenkins AM's proposed Financial Education and Inclusion (Wales) Bill, which we believe contains provisions that would, if enacted, help to prevent older people falling into financial difficulty and protect them from scams.

We have focused our response on the aspects of the proposed Bill which would directly affect older people.

### Proposals relating to the role of local authorities

#### **Question 13: What are your views on requiring each local authority to have a strategy outlining how it intends to promote financial inclusion and financial literacy of residents?**

Age Cymru supports the intentions of the proposed Bill to strengthen the role of local authorities in helping to people to avoid falling into financial difficulty, to promote financial literacy and address issues around financial inclusion.

We will be publishing a new report, *Life on a low income*, in May 2014 which seeks to highlight the lives of older people in poverty in Wales. The findings of this work challenge the stereotype of older people as an affluent generation and highlight the plight of the 84,000 older people estimated to live in poverty in Wales. Fuel poverty, a daily choice between heating and eating, and isolation and loneliness are a daily reality for many people in this situation.

Significantly, many are not receiving all of the financial support to which they are entitled and it has been estimated that pensioner poverty could be reduced by around 40% if there was

full take-up of means tested benefits.<sup>1</sup> This demonstrates the vital importance of information, advice and income maximisation work for this age group.

We are supportive of the Welsh Government's *Financial Inclusion Strategy for Wales* but have previously commented that it includes few actions specifically targeted at supporting older people. We believe the same is true of the Welsh Government's *Tackling Poverty Action Plan*. If local authorities are to be required to produce their own financial inclusion strategies, as proposed by this Bill, we would like to see an expressed intention to ensure these are relevant, and provide support to, older people.

#### *Information, advice and income maximisation services*

Age Cymru organisations across Wales deliver a range of successful and highly valued services that provide advice, information, advocacy and income maximisation support to older people. These services can help older people to gain additional sources of income to which they are entitled and to access specific help to control their expenditure or deal with debt and other financial difficulties.

This Age Cymru partnership consists of a network of local organisations, and Age Cymru nationally, that provide trusted and valued information and advice services throughout Wales including face-to-face in local offices and people's own homes, or over the phone. Together these local and national services delivered a total of £13 million in extra entitlements for older people in Wales during 2012/13.

Recently the Welsh Government has been undertaking a review of advice services in Wales, in light of the unprecedented challenges faced by not-for-profit providers due to funding decreases and rising demand. Conclusions from the review have not yet been published, but we believe that the Welsh Government must set out a clear picture for how it will help to support a strong, fit for purpose and accessible advice sector in Wales.

Importantly this must ensure that tailored advice is available to the groups who need it, building on the strengths of existing third sector provision. For older people this frequently means face-to-face advice provision and, vitally, income maximisation support for those on low incomes.

We would like to see local financial inclusion strategies clearly demonstrate how local authorities are ensuring that these services are available and resourced to a level which meets the local identified need. Local strategies should ensure that specific advice is made available to older people, and also to people who have recently experienced major life events such as retirement, bereavement or unemployment in later life.

#### *Debt and financial health*

A report by Consumer Focus Wales in 2010, *Financing the Future: A study of older people's finances*, highlighted concerns over the growing numbers of people over 60 in debt. The research also indicated that over indebtedness and poverty among older people is likely to

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<sup>1</sup> *The implications of Government policy for future levels of pensioner poverty*, Pensions Policy Institute, 2011

become a bigger issue in the future due to demographic change, and because more people will carry debt into retirement and lack the financial skills to manage their money effectively.

While it is a commonly held stereotype that older people are good at managing their money, or are more likely to be prudent with their financial resources than younger people, this is not always the case. It can also mask specific difficulties or the circumstances that many older people live in.

For example, although older people are more likely than the general population to say that they are good at budgeting, many also use terms such as 'managing day to day', 'just coping' or 'struggling on' to describe their financial management.<sup>2</sup>

Many older people struggling financially are also likely to have been on a low income during their working lives or had periods of time where they did not work. Conversely, others may have been affected by events such as bereavement, unemployment, divorce and illness which have caused a drop in their income. These events can also result in a lack of financial literacy or the required skills to manage money and budget effectively in the present financial market, especially if these roles have previously been fulfilled by a partner or other relative.

Consumer Focus Wales recommended in 2010 that the Welsh Government should "ensure that it prioritises the delivery of financial education to older people." We believe the proposals in this Bill could constitute a step towards ensuring that the right support is made available to older people who need it.

**Question 14: What are your views on requiring each local authority's financial inclusion strategy to show how authorities intend to: take steps to prohibit cold calling in their area?**

*Scams and cold calling*

Age Cymru is campaigning for increased protection for older people from financial scams.<sup>3</sup> Our research found that more than 2500 scams were reported to trading standards departments in Wales between February 2012 and February 2013, 985 of which happened on people's doorsteps. The Office of Fair Trading estimate, however, that only 5% of scams are ever reported, which indicates that these figures represent just the tip of the iceberg. There were just 19 prosecutions relating to doorstep scams over the same period.

No Cold Calling Zones (NCCZs) are one way in which the prevalence and impact of doorstep scams can be reduced. These are areas designated as places where unsolicited cold callers, such as traders and sales people, are prevented from knocking on resident's doors – they can be set up after consultation between local authority trading standards officers, and following requests by residents who have experienced problems with cold callers.

Evidence suggests that not only do the zones substantially reduce the number of complaints about unwanted cold callers but they significantly increase resident confidence in dealing with

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<sup>2</sup> Consumer Focus Wales, Financing the Future, 2010

<sup>3</sup> <http://www.agecymru.org.uk/scamsandswindles/>

cold callers. When all the residents in a zone are aware that they are covered they are more inclined to act collectively and are likely to watch out for each other.

Age Cymru research has indicated that there are currently around 1200 No Cold Calling Zones in Wales, covering just a tiny percentage of all homes (less than 5%). The Welsh Government is committed to increasing the number of zones across Wales, and has made funding available to local authorities to this end.

However, not all local authorities applied for this additional funding and some do not currently have any NCCZs at all. Whilst authorities take different strategies to deal with cold calling, and NCCZs are only part of the solution, nevertheless we believe that these figures help to demonstrate disparities in the level of protection provided across Wales.

We therefore strongly support the proposal of a requirement for local financial inclusion strategies to demonstrate how local authorities will take steps to prohibit 'cold calling' in their area. We believe that this would help ensure a consistent level of focus and resource was placed on this area of work and add considerable value to the work already being undertaken by local authorities, Welsh Government, Trading Standards and others to protect Welsh communities from the impact of scams.

#### **Questions 16, 17 & 18: reporting and monitoring**

We support the proposals to require local authorities to report on progress and implementation of actions. Without this requirement we believe that local strategies may end up resigned to a shelf, or quiet corner of a website, without real action being undertaken.

We believe it would be worth exploring what enforcement provisions could look like, or whether the Welsh Government should be expected to issue guidance about compliance, in order to make sure that authorities set appropriate objectives and make meaningful progress towards improving the financial education and inclusion of their residents. However it will be for others to determine the most appropriate vehicles for this.

#### **Question 23: How appropriate would it be to require local authorities to provide specific financial management advice to individuals seeking assistance on other related matters?**

We would support this provision in light of the information provided above on the value of financial management advice and information, but reiterate that, for some, this advice will need to be specifically targeted and tailored to their needs.