



Response to the consultation on a proposed Financial Education & Inclusion (Wales) Bill

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About Citizens Advice Cymru

Citizens Advice is an independent charity covering England and Wales operating as Citizens Advice Cymru in Wales with offices in Cardiff and Rhydolunau. There are 20 member Citizen Advice Bureaux in Wales, all of whom are members of Citizens Advice Cymru, delivering services from over 250 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.

The advice provided by the Citizens Advice service is free, independent, confidential and impartial, and available to everyone regardless of race, gender, disability, sexual orientation, religion, age or nationality.

The majority of Citizens Advice services staff are trained volunteers. All advice staff, whether paid or volunteer, are trained in advice giving skills and have regular updates on topic-specific training and access to topic-based specialist support.

Local Bureaux, under the terms of membership of Citizens Advice provide core advice based on a certificate of quality standards on welfare benefits/tax credits, debt, housing, financial products and services, consumer issues, employment, health, immigration and asylum, legal issues, and relationships and family matters.

The Citizens Advice Service now has responsibilities for consumer representation in Wales as a result of the UK Government's changes to the consumer landscape¹. From 1st April 2014 this includes statutory functions and responsibilities to represent post and energy consumers.

We are happy for our response to be made available to the public.

Summary of Key Points

Citizens Advice Cymru would like to highlight the following points from our response:

- We support the general principle of making financial education a statutory part of the curriculum in Wales and agree this should be on a cross-curricular basis.
- We believe there remains a need for a dedicated co-ordinating body/unit (similar to the Welsh Financial Education Unit) to provide the necessary strategic direction for implementing the delivery of financial education across Wales, both in schools and within the wider community. We would therefore welcome a commitment within the proposed Bill to set-up/re-establish such a unit.

¹ 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.

- Consideration should also be given to identifying ways to ensure appropriate financial education opportunities are available to adults in community settings, particularly those who are more likely to face disadvantage, be that through legislation or otherwise.
- Existing mechanisms and legislation could be used to achieve a number of the Bill's objectives and as such we do not believe legislation is needed in the following areas:
 - to formally consult with relevant stakeholders and experts when developing curriculum content on financial education. This should be achieved through effective partnership working, and if possible, with support from a dedicated co-ordinating body;
 - to require local authorities to promote financial inclusion by producing and adopting a financial inclusion strategy. Work being undertaken by local authorities in this area needs to be approached as part of the wider tackling poverty agenda;
 - requirements laid down in the Social Services and Well Being (Wales) Bill in relation to looked-after children may provide opportunities to ensure care and support plans include a full assessment of their financial capability needs.

Our work on financial capability and financial inclusion

Improving financial capability not only gives people the confidence to make informed financial decisions, it also helps them to feel better equipped to cope with any financial difficulties and more prepared for the financial impact of life-changing or unexpected events (e.g. having children, becoming ill/having an accident which affects ability to work, retirement, bereavement or job loss).

A lack of knowledge and understanding can lead to poor financial decision-making. The unintentional consequences of which can result in the purchase or use of more costly, inappropriate and/or unnecessary financial products, difficulties in budgeting, and being more prone to unmanageable debt and exploitation from unscrupulous providers.

The growing complexity of the financial services market, combined with changes in UK Government policy (including welfare reform) and advances in technology, are all driving changes on how we manage our finances and pay for goods and services. The need for people to be more financially capable has probably never been more critical.

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. In spite of this, funding for this vital preventative work remains patchy.

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 been extended for one further year until the end of March 2015. Money advice is delivered by trained Money Advisers in a network of community locations. Since the project began sessions have been delivered from 381 different community venues. The five most popular topics include budgeting/money management (45%); benefits and tax credits (27%); pensions and retirement planning (6%); mortgages (6%); and credit and borrowing (5%). Each client receives a session of about 40 minutes and at the end of the session the client agrees an action plan with the adviser. From the start of the project in April 2011 to date the project has helped over 17,100 people across Wales.

All bureaux in Wales offer debt advice services however the consortium for the MAS Face-to-Face Debt Advice Project consists of 17 Citizens Advice Bureaux and Shelter Cymru. Current funding is due to end in September 2014. Between April 2013 and March 2014 the number of people helped by the project across Wales was 11,372. The total amount of debt recorded over this period was £93 million, with an average debt in Wales of £13,465 per client². This compares to a client average of £10,025 across all 11 projects in England and Wales.

Recent internal analysis of all the outcomes recorded by the project across England and Wales over the last year (April 2013 to March 2014) confirms how this work also helps improve people's ability to cope with their overall financial situation, going beyond helping with immediate debt problems.

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. It has been designed in consultation with the Clusters to ensure there was no duplication of services and that the services on offer complemented existing Communities First Activities. 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).

As the above shows Citizens Advice Bureaux benefit from being able to link their debt, money advice and financial capability offers together. Often in the course of delivering financial capability work to clients debt issues will be uncovered. Likewise, when advising clients who have sought advice on a debt problem it makes sense to assess their financial capability needs to order to help them manage their current debt and prevent future debts. In addition the need for money guidance alongside both of these services is evident. It is therefore important, particularly with regards funding and delivery, that these advice services are not viewed as mutually exclusive activities.

Since 2007 Citizens Advice has channelled over £1 million of funding through financial capability multi-agency forum networks so that members can work together to improve financial skills. Two of these forums are in Wales – one in Mid, South and West Wales (run by Powys CAB) and one in North Wales (now run by Pennysmart). Each of the Wales networks has around 300-400 members registered for regular email updates and an active core of between 80-100 members who regularly attend meetings. These forums have done much to promote good practice and partnership working within the area of financial capability and financial inclusion more generally.

Citizens Advice Cymru also sits on the Money Advice Service Wales National Forum and is feeding in to work they're undertaking to develop a Financial Capability Strategy for the UK. This Strategy, which aims to increase the financial resilience of the UK population by improving individuals' financial capability, will prioritise groups who are at a higher risk of detriment because of low financial capability. The plan will include a specific section on their activity in each of the devolved nations.

² In order to calculate this figure we use the average of clients who have recorded the total amount of debt. In Wales 6,916 clients recorded this information.

Consultation questions:

Questions 1 – 10: Financial education on the school curriculum

We endorse the ‘whole school approach’ to financial education and welcome the progress that has been made in recent years to embed financial education into the curriculum in Wales.

To help ensure equality and consistency in delivery we support the general principle of making financial education a statutory part of the curriculum in Wales and agree this should be on a cross-curricular basis.

If this was to become a requirement we do not believe guidance alone will be sufficient to ensure effective delivery. Strong leadership and direction within the school, as well as providing teachers with appropriate support to develop the necessary skills in this area (both 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.

The Welsh Financial Education Unit (WFEU), which operated between September 2008 and August 2013, previously helped to provide and co-ordinate some of this training and support to schools. It also helped by identifying and promoting good practice and appropriate materials for teaching financial education, including bilingual resources. Many good quality resources have already been developed by a variety of agencies however it can be difficult for teachers (and other practitioners) to know which ones work best. In this respect the work of the unit not only supported teachers but also helped to prevent inconsistency and unnecessary duplication of resources.

We note that the resources and materials used by the unit staff remain available to schools in Wales however **we believe there remains a need for a dedicated co-ordinating body/unit (similar to WFEU) to provide the necessary strategic direction for implementing the delivery of financial education across Wales, both in schools and within the wider community. We would therefore welcome a commitment within the proposed Bill to set-up/re-establish such a unit.**

In addition to curriculum requirements, we agree wherever possible further opportunities should be sought for endorsing pupils’ knowledge of money-related issues in the context of ‘real-life’ situations.

To this end, Citizens Advice Bureaux are ideally placed to deliver financial capability work in schools however as already stated 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.

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. In contrast nine bureaux (45 per cent) have done financial capability work with young people not in school during the last year.

Bureaux who work with schools report that feedback from pupils and teachers is very positive following their financial capability sessions. It can be a challenge to get young people's interest and keep them motivated to take part in the sessions so using 'real life' stories that bring the subject to life really helps to maintain their engagement and ensure pupils can relate to the issues being discussed. In general sessions are better received by those young people about to embark on financial independence.

Cardiff and the Vale Citizens Advice Bureau have recently worked with five secondary schools in the Vale of Glamorgan (in partnership with Vibe Experience Ltd) as part of their Young People's Money Management Project 2013. This included several students from a local pupil referral unit. The main aim of the project, funded through Vale of Glamorgan Families First, was to prevent debt and raise awareness of the dangers of poor money management, not just by young people but their families too.

In total 260 young people aged 14-18 took part in the sessions which covered topics such as banking, budgeting, credit and debt. Resources included videos created for young people by young people which helped provide real insights into the difficulties others have faced when managing their money. They were particularly interested in learning about the cost of borrowing associated with different sources of credit and, when going through different budgeting scenarios, how their individual needs and wants varied.

Around 90 per cent of pupils who completed the evaluation (approx. 160 respondents) said they felt more confident about budgeting and have a better understanding of banking, credit and where to get help with debt issues following the sessions.

Rhondda Cynon Taff Citizens Advice Bureau have delivered sessions to groups of sixth form students in a local comprehensive every year for the last three/four years. The sessions look primarily at banking and explain the differences between different types of accounts though they also look at standing orders and direct debits as well as some basic budgeting. The school runs a "guest lesson" once every fortnight for their students and the bureau are one of the guest teachers on their rota.

The involvement of private sector organisations can also help to provide a ‘real life’ context. The financial sector is a significant funder of the financial capability work delivered by bureaux, as well as the network of multi-agency financial capability forums across England and Wales.

While we strongly agree input from and collaboration between the statutory, private and third sectors is key to the success of financial education work **we do not think it is necessary to impose a duty on Welsh Ministers to formally consult with relevant stakeholders and experts when developing curriculum content on financial education. This should be achieved through effective partnership working, and if possible, with support from a dedicated co-ordinating body (as above).**

Financial education & community-based learning

The emphasis throughout much of the Bill is on strengthening the delivery of financial education in schools and other formal education settings such as universities and further education colleges. While this is vital we believe that equal attention should be given to ensuring appropriate financial education opportunities are provided at other settings that deliver adult and community-based learning, such as youth clubs, community centres and other training venues.

Caerphilly and Blaenau Gwent CAB run a number of different financial capability sessions for young people who are not in school. The group sessions have been delivered through various organisations including Rathbone, Apprentice Passport Scheme (via the local authority), local colleges and Communities First Groups.

Subjects covered include budgeting (including looking at priority bills); comparing the cost of credit (where they look at different lenders and get participants to work out the costs of taking out a high rate credit agreement) and workwise (a session designed to prepare young people for work).

The sessions went down well with the groups, with the majority giving really positive feedback. Of the 90 Communities First participants, 81 reported that they were more confident in managing finance while 50 developed their own weekly budget.

Over the years a number of lessons have been learnt by bureaux delivering financial education both to young people and adults. The size of the group is particularly important. Generally sessions are most successful when delivered to small groups or one-to-one in trusted settings where people can develop skills to resolve their own problems. This also makes it easier to adapt sessions to allow for differing levels of numeracy skills and confidence.

As already mentioned Citizens Advice Bureaux run financial capability sessions targeted at a variety of different groups – predominantly people who are more likely to face disadvantage 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 violence services and migrant workers.

We therefore believe consideration should also be given to identifying ways to ensure appropriate financial education opportunities are available to adults in community settings, particularly those who are more likely to face disadvantage, be that through legislation or otherwise.

We are also 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. Entering prison results in a significant change of circumstances for these families with the potential loss of legal (and illegal) income. Over the last decade different bureaux have secured short-term funding to work in both Parc and Cardiff prisons. Much of this work has been working with offenders pre-release. However, despite positive evaluations of our prison work³ it has not been possible to secure funding to advise offenders and their families as they enter prison establishments.

Building financial capability into resettlement programmes has happened in some prisons in the past but we believe these interventions should take place on entry to help families adjust. While there may not be a need to legislate for this we would welcome the opportunity to discuss this issue further.

Independent evaluations of the financial education initiatives run by Citizens Advice Bureaux over the last decade have shown 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. For example the evaluation of one financial capability project in the East of England estimated that that the project created a return of £4.50 for every £1 spent on training. This included benefits for individual households and the local economy with the multiplier effect of increased demand for goods and services⁴.

Quality standards for financial capability

While evaluations of our own financial capability work have been extremely positive currently there is no definitive idea of which interventions work best. Although various organisations have looked into this issue in recent years including the Money Advice Service (MAS), pfeg,

³ 'Improving Financial Capability Among Offenders: An Assessment of Three Programmes Delivering Financial Capability Training to Offenders', p33, Ipsos Mori & CFEB (May 2010)

⁴ 'From small change to lasting change: Financial Skills for Life 2002-2012', Citizens Advice & Prudential (May 2012)

and other financial capability providers, **we believe there remains a need for sector-wide quality standards for financial capability.**

We are continuing to work with 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

If the Bill were to proceed it could include a requirement for organisations undertaking financial capability work to meet these national quality standards.

We also believe there is a need to define and agree shared terminology across the advice sector, such as the use of plain English/Welsh. Currently when seeking financial capability support, or advice on other issues, it can be difficult for the public to gain an understanding of what's on offer and to what standard. Citizens Advice Cymru has done some initial work on defining terminology in terms of money advice, debt advice and financial capability and would be happy to share the outcomes of this work as things develop.

Questions 13 – 18: Proposals relating to the role of local authorities

While we agree commitment is needed at the highest level within local authorities to progress financial inclusion objectives, we do not believe further legislation is necessary to effectively achieve this.

We also believe work being undertaken by local authorities in this area needs to be approached as part of the wider tackling poverty agenda. This would 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.

In addition to existing statutory responsibilities (eg. child poverty duties), a range of other mechanisms already exist that could be more effectively used to improve financial inclusion amongst the local population. 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, and other fora such as Local Service Boards; and where they exist, financial inclusion partnerships and local Welfare Reform Boards.

Questions 22 & 23: Financial education and looked after children

Previous research by Consumer Focus Wales⁵ sought to examine the nature and extent of financial exclusion experienced by young people leaving care in Wales⁶. The findings found that many young care leavers are living on low incomes and have to employ a variety of coping strategies to budget their money. Some had been taught money management skills before leaving local authority care but most of the young people who took part in the

⁵ See footnote 1

⁶ 'From care to where? How young people cope financially after care', Consumer Focus Wales (March 2011)

research had learned the ‘hard way’ through experience, with several reporting times of financial difficulty as a consequence.

Not all the care leavers who took part in the research believed they were financially excluded. Several felt fairly competent at managing their money and interacted well with mainstream financial services. However the findings also showed the potentially devastating impact a combination of living on a low income and financial exclusion can have on young people after they’re left care, and how this is inextricably linked to social exclusion and wider support needs. For some, this had left them struggling to afford food or decent clothing, for others it had contributed to depression and feeling alienated from their peers.

The research 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. While there was evidence of good practice, the findings also show that in many cases the effectiveness of financial information provision by local authorities appears limited and inconsistent.

Local Authorities have a statutory duty to provide each young person in care with a pathway plan by their 16th birthday. **We believe ensuring the financial capability needs of the young person are considered as part of the assessment and planning process is critical.**

In addition, this work could be supported by local authorities undertaking a financial review for all care leavers at regular intervals (eg ages 18 and 21) to identify any financial difficulties they may be experiencing and direct them to appropriate support.

While we would welcome any proposal within the proposed Financial Education and Inclusion Bill to support this, there may also be opportunities under requirements laid down in the Social Services and Well Being (Wales) Bill in relation to looked-after children to address this issue. For example the draft Bill specifies that regulations must make provision about what a care and support plan is to contain, including the advice, assistance and support which the local authority intends to provide for the young person, and that such plans must be kept under regular review.

We also agree that in their role as corporate parent, local authorities should ensure support services (social services, housing education and others) for young people in their care are better co-ordinated.

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