

Social Justice and Regeneration Committee

SJR(2)-09-06(p.6) Annex 1

Date: Thursday 8 June 2006

Time: 1.30pm-4.30pm

Venue: National Assembly for Wales

Title: Review of Over-Indebtedness in Wales

Annex 1

Overview of Progress Made to Date

Recommendation	Achievements
<p>1. The Welsh Assembly Government should investigate the possibility of local authorities in Wales adding to the Children's Trust Fund (CTF) of children in their care. These children are likely to have smaller accounts than others, as their parents are less likely to provide financial support. Local authorities, as the guardians of children in care, should make extra payments of at least £50 per child per year. This 'top-up' could make a big difference to the opportunities and security of children when they leave care.</p>	<ul style="list-style-type: none">·1 Assembly Government presently consulting local authorities in Wales to establish new CTF grant scheme from autumn 2006 ·2 Target launch date of 1st September 2006 ·3 Estimated 650 children presently eligible with 200 made eligible each subsequent year ·4 The Minister for Health and Social Services to report to AMs on the outcome of consultation and implementation by summer 2006

2. Our efforts at financial literacy education in schools must be boosted considerably. In Wales there is no curriculum guidance for this subject. As a first proposal, we could adopt more widely the excellent best practice example of the Managing Money course jointly developed by Flint High School, Flint Citizens Advice Bureau and the Basic Skills Agency. ACCAC (the Qualifications, Curriculum and Assessment Authority for Wales) should be approached with regard to producing course materials based on the Flint example, which would enhance the Personal Social Education (PSE) course at Welsh secondary schools. Both the CAB and the Basic Skills Agency are prepared to act as partners with schools in course delivery and rollout.

- 1 ACCAC presently revising curriculum and intending to strengthen existing financial education elements of PSE framework
- 2 ACCAC considering adapting mathematics curriculum to incorporate financial education initiatives
- 3 Revised curriculum to be implemented in September 2008
- 4 Assembly Government representation on Financial Services Authority's School Working Group assisting in development of teaching materials and training opportunities for teachers

3. The Welsh Assembly Government should consider emulating the Scottish Executive's Scottish Centre for Financial Education which would look at the wider delivery of financial education and the training of money advisors, drawing together partner organisations and rolling out best practice examples as well as innovation in this field.

- 1 Fact-finding mission to Edinburgh undertaken by officials
- 2 Private sector partners approached with a view to securing investment
- 3 Financial Services Authority to act as an agent of the Assembly Government in liaising with prospective partners

<p>4. Contact details for Money Advice Agencies should be distributed to citizens affected by divorce or job loss. Advice should be sought on how best this may be achieved, in the instance of divorce perhaps through solicitors' organisations and, in the case of job loss through the trade unions, CBI and FSB.</p>	<ul style="list-style-type: none"> ·1 Welsh Local Government Association supportive ·2 Attention will be paid to those organisations best equipped to identify those in need and signpost available support and advice
<p>5. Communities First Partnerships should be encouraged and supported in the development of both maximising income initiatives and in activities aimed at minimising debt within their community. These could include co-working with Job Centre Plus on local initiatives; ensuring maximum take-up of benefits, tax credits and pension credits; council tax rebate etc through proactive awareness raising initiatives within the community; and active promotion of credit unions. There is no reason why Communities First Partnerships, working with partners like the CAB, should not sponsor the training of local people as debt advice workers.</p>	<ul style="list-style-type: none"> ·1 Plans for the distribution of the Review of Over-Indebtedness to Communities First partnerships in place ·2 Links built between officials responsible for the Review and Communities First ·3 Revised Communities First Generic Guidance encourages partnerships to consider these issues
<p>6. The Welsh Assembly Government should strenuously promote co-working and partnership between Communities First Partnerships and credit unions. In the first instance, if there is no local credit union, then Communities First Partnerships should be asked to consider acting as a nucleus for the formation of one. If a credit union is operating locally, then co-working with Communities First, including on issues like workers, premises, training and publicity, should be strongly encouraged. Funding applications which would promote this sort of work should be prioritised. A joint seminar should be held at national level, hosted by the Welsh Assembly Government, to investigate the options of co-working between</p>	<ul style="list-style-type: none"> ·1 Proposed seminar between Communities First partnerships and credit unions agreeable to both ·2 Revised Communities First Generic Guidance encourages partnerships to consider these issues

<p>credit unions and Communities First Partnerships.</p>	
<p>7. Our best hope of making inroads into the problem of irresponsible lending lie with the new UK Government Consumer Credit Advertising regulations, better financial education and the steady growth of the credit union movement. As regards illegal money lending, the Welsh Assembly Government should investigate, along with the Police and Trading Standards officers in Wales the result of the Department of Trade and Industry funded pilots in Glasgow and Birmingham, as soon as these pilots are completed in 2006.</p>	<ul style="list-style-type: none"> ·1 DTI shortly to issue findings on prevalence of illegal money-lending throughout UK ·2 Officials in ongoing discussions with Trading Standards regarding the situation in Wales
<p>8. The Welsh Assembly Government should study closely the experience of the Scottish Executive in co-ordinating debt advice, which has included extra investment, 120 new money advisors and working towards minimum standards. A further Scottish initiative we should examine has included targeted advice work with hard-to-reach groups including lone parents and ethnic minorities. The Welsh Assembly Government should work with the Welsh Local Government Association to promote minimum levels of investment in debt advice services by local authorities.</p>	<ul style="list-style-type: none"> ·1 £3.15m (7%) of DTI's Face-to-Face Debt Advice Fund secured for use in Wales, resulting in an additional 37 debt advisers ·2 A further four advisers operating in Wales under the Legal Services Commission's £6m element (made available under UK Government's Financial Inclusion Fund
<p>9. The Welsh Assembly Government should investigate co-working with utility companies to reduce the burden on targeted groups, whilst financing this through greater efficiencies in payment of bills. Beginning with Dwr Cymru, initial talks have shown that around £20m could be saved by the company if bill collection were administered by local authorities throughout Wales (currently only 11 local authorities do this). The Welsh Assembly Government should broker discussions between the Welsh Local Government Association and Dwr Cymru to investigate this. Savings from local authority collection could be recycled to tackle the issue of water poverty with a</p>	<ul style="list-style-type: none"> ·1 The Minister for the Environment, Planning and the Countryside has discussed plans with Acting Chief of OFWAT (the Water Services Regulatory Authority) ·2 OFWAT have rejected Dwr Cymru plans for a £20 discount for customers on Water Direct (supported by the Parliamentary Under-Secretary for Work and

particular focus on helping disadvantaged groups, such as families with very young children. This mode of negotiation should then be explored with gas and electricity providers.

Pensions)

10. The Welsh Assembly Government should identify a partner higher educational institution in Wales to monitor the effect of policy on the reality of over-indebtedness in Wales. An identified expert advisor should provide us with a report 1, 3 and 5 years after the adoption of these recommendations.

·1 Monitoring of development presently undertaken by Communities Directorate officials