

Agenda – Communities, Equality and Local Government Committee

Meeting Venue:	For further information contact:
Committee Room 2 – Senedd	Sarah Beasley
Meeting date: Wednesday, 27 January 2016	Committee Clerk 0300 200 6565
Meeting time: 09.00	SeneddCELG@Assembly.Wales

1 Introductions, apologies and substitutions

2 Inquiry into Poverty in Wales: community-based approaches to tackling poverty: Minister for Communities and Tackling Poverty

(09.00 – 10.00)

(Pages 1 – 19)

Lesley Griffiths AM, Minister for Communities and Tackling Poverty

Eleanor Marks, Director, Communities and Tackling Poverty

Maureen Howell, Deputy Director, Tackling poverty

Break (10.00 – 10.05)

3 Refreshed Financial Inclusion Strategy: Minister for Communities and Tackling Poverty

(10.05 – 11.00)

(Pages 20 – 44)

Lesley Griffiths AM, Minister for Communities and Tackling Poverty

Chris Gittins, Head of Financial Inclusion Unit

Eleanor Marks, Director, Communities and Tackling Poverty

4 Papers to note

(Pages 45 – 47)



- 5 Motion under Standing Order 17.42 to resolve to exclude the public from the remainder of the meeting**

- 6 Inquiry into Poverty in Wales: community-based approaches to tackling poverty: discussion of evidence from Minister for Communities and Tackling Poverty**
(11.00 – 11.15)

- 7 Refreshed Financial Inclusion Strategy: discussion of evidence from Minister for Communities and Tackling Poverty**
(11.15 – 11.30)

- 8 Scrutiny of Welsh Government draft budget 2016/17: consideration of draft letters to the Minister for Communities and Tackling Poverty, Minister for Finance and Government Business, and the Deputy Minister for Culture, Sport and Tourism**
(11:30–12:00)

- 9 Consideration of LCM on the Housing and Planning Bill: enfranchisement and extension of long leaseholds – consideration of draft report**
(12.00 – 12.05)

(Pages 48 – 49)

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Introduction

1. The purpose of this paper is to provide evidence to the Communities, Equality and Local Government Committee in relation to Strand 4 of the Inquiry into Poverty – Community-based approaches to tackling poverty.

The Welsh Government's approach to tackling poverty

2. Tackling poverty is a fundamental priority for all Welsh Government Departments. We have ensured the needs of low income households are reflected in the policies and programmes we have developed, and we will continue to take this approach.
3. Our commitment to equality underpins all we do, which is why tackling poverty and addressing the generally poorer outcomes experienced by those living in poverty, is such a priority. As a Government, we want to ensure all people (regardless of their backgrounds, income or where they live) have the same opportunities as anyone else to succeed, they have equal access to the services they need and their local environment is pleasant and safe.
4. Mainstream programmes and budgets are our primary means of achieving this, playing a key role in tackling poverty and mitigating the impacts of poverty. Making the right decisions about significant investment in the key areas of devolved policy are vital, and can disproportionately benefit those living in poverty.
5. Examples include:
 - Over the last four years, we have created or safeguarded 150,000 Welsh jobs, while employment in Wales is nearly at a record level. Creating jobs and growth is central to our efforts to increase the prosperity of people in Wales. Employment provides the best route out of poverty.
 - The roll out of Healthy Child Wales will bring a consistent, universal Wales-wide core healthcare programme for the early years. This can particularly benefit those living in poverty at greatest risk of experiencing poorer outcomes in the critical early years of life.
 - Wales Housing Quality Standard is ensuring all social landlords improve their housing stock to an acceptable level by 2020. This will mean all social tenants have a decent home, which evidence tells us can guard against poorer health and education outcomes.

- Since January 2015 a school categorisation system has been in place to identify schools which need the most help and guidance to improve. The educational performance of learners who are eligible for free school meals (eFSM) is an important component of this analysis. Schools where the performance of eFSM learners is below expectations are identified as requiring additional support.
 - The Housing (Wales) Act 2014 will ensure more is done by Local Authorities and their partners to help people who are homeless or at risk of homelessness.
6. The poverty-specific programmes funded by the Welsh Government are working with mainstream services. Our poverty programmes, both area and non-area based, are an enhancement to mainstream services which offer additional support to those communities and individuals most in need.

Place-based poverty programmes

7. Across mainstream services and through specific programmes, the Welsh Government is committed to working with communities to ensure they are cohesive, resilient, able to adapt to change and work collectively to minimise the impacts of poverty. We have a number of approaches to tackling the complex issue of poverty, and working with communities is a very important part of this.
8. We consider the best means of tackling poverty is through a mix of place-based and universal programmes. This allows us to reach as many people in need of support as possible, gives us the best chance of improving outcomes for those people, and helps generate maximum value from what are inevitably limited resources available to us.
9. The majority of programmes which aim to help tackle poverty are not area-based and are available to all, based on need. These include the Supporting People Programme, Families First, the Pupil Deprivation Grant and the Community Facilities Programme. However, targeting resources to specific communities where there is a concentration of need, allows interventions to be tailored towards the needs of a community, for efficiencies to be made and offers the opportunity to harness the resources of communities themselves.
10. There is, by definition, a geographic focus to capital programmes which seek to regenerate communities and improve local environments. All capital investment is place-based, although deciding where this investment is made is important. The Welsh Government has sought to weight resources towards deprived areas. Through Vibrant and Viable Places (VVP), Local Authorities are sharing more than £100m for regeneration schemes until 2017. This fund is being invested in town centres, coastal communities and Communities First areas. We are exploiting opportunities from our capital investment to create opportunities for people in local communities, as we recognise funding streams should not be thought of in isolation. For example, in Newport,

Communities First is providing tailored training opportunities for members of the local community, so they are well-placed and have the skills to be able to take advantage of job opportunities arising from the VVP scheme in their local area.

11. There are two principal tackling poverty programmes which have geographical coverage: Flying Start and Communities First. The geographical parameters of these programmes are as follows:

Flying Start

Data from the Department of Working Pensions and HM Revenue and Customs provides Local Authorities with information on geographical areas with the highest proportions of children under four years of age living in income benefit households. Flying Start is targeted at these areas.

Communities First

The programme concentrates on the 10% most deprived communities in Wales, as defined by the Welsh Index of Multiple Deprivation (WIMD) 2011. In all cases there is an increased emphasis on ensuring the most vulnerable individuals, families and groups in those communities are supported.

12. Since 2012 Communities First has had some flexibility to work outside Cluster boundaries, for example, where a school sits close to a Cluster or they are targeting a specific group of people some of whom live outside the Cluster area. The primary focus is on the people within the designated area.
13. Flying Start Outreach funding, is providing an integrated approach to Family Support services utilising the structures and systems delivered by Families First, Communities First and Flying Start. The objectives of Outreach are to extend the reach of Flying Start to families with identified need living in non-Flying Start areas, provide an element of flexibility in the delivery of the programme, and provide continuity of support to children and families moving out of Flying Start areas.

Achievements and successes of key programmes

14. Both Flying Start and Communities First are cross-cutting interventions, adding additional value at a local level to existing services. They are working with mainstream services and other poverty programmes to deliver a range of interventions in the communities they serve.

Communities First

15. Since 2012, the programme has had an emphasis on supporting the most vulnerable people living in deprived areas, fully recognising poverty does not affect everyone in those areas to the same extent. It is based on fewer, larger areas than previously and has developed a stronger outcomes-based approach using Results Based Accountability.

16. Communities First has three strategic objectives, aiming to promote Learning, Prosperous, and Healthier Communities. It is focused on improving economic, education/skills and health outcomes for people in our most deprived communities. In the twelve months to March 2015, Communities First areas reported:
 - 3,534 participants entered employment.
 - 59 social enterprises established with support from CF.
 - 1,897 participants gained basic IT skills.
 - 8,507 participants were supported to access benefits they are entitled to.
 - 6,043 children increased school attendance.
 - 11,050 children improved academic performance.
 - 5,181 people gained a qualification.
17. This long-established programme has a history of working closely with people in deprived communities. It has built trust with people in these areas and, as a result, has enhanced engagement opportunities for its own activities as well as for partner programmes. This is illustrated by other Government Departments and specific projects being able to build capacity within communities and work with those in most need in Wales. For example, European projects and policy recommendations, such as those made by Baroness Andrews around culture and poverty, can access Communities First as a means of harnessing the power of the arts, culture and heritage to promote social justice in Wales.
18. Communities First is being used as a basis for delivering other focused programmes, such as Lift, which aims to offer 5,000 training and employment opportunities to people in workless households by the end of the 2017 calendar year¹. Lift has already been recognised as successful and has provided the model for the much larger Communities4Work ESF programme, which will be available in all Communities First Clusters.
19. The Communities First structure is also supporting the delivery of other community-based programmes, utilising the Communities First teams embedded in their communities. Clusters engage individuals furthest away from desired outcomes and support them to become ready to participate in other programmes, such as Jobs Growth Wales. The structure can support the appropriate signposting of individuals to other sources of help provided by other programmes and service providers, and act as a vehicle by which mainstream services can engage with the poverty agenda.
20. Last year's independent evaluation report concluded Communities First is seen as a valuable programme by many of those involved in its delivery, and by beneficiary communities. It reported "changes made to the design of the programme since 2012 have generally enhanced chances of meeting its aims and monitoring progress".

¹ As of 30 November 2015, 2,744 training and employment opportunities have been provided, with 520 people supported into employment.

Flying Start

21. Flying Start is an early intervention programme informed by the growing international body of evidence which supports the positive role of interventions in early years in improving the development of children and young people and their prospects in adulthood. The Welsh Government has significantly expanded the Flying Start programme, committing to double the number of children and their families benefiting from the Flying Start Programme from 18,000 to 36,000 by the end of this Assembly's term. In 2014-15, 37,260 children benefited from and were in receipt of Flying Start services in Wales at any time, exceeding the target numbers.
22. Flying Start fosters the co-location of services, encouraging childcare workers, Health Visitors and a wide variety of other professionals to be located together. There are also many examples of co-location with other services, such as schools and healthcare settings. Co-location makes it possible to offer a seamless service and to identify and refer children who require additional support more easily. This demonstrates the additional value of Flying Start, linking mainstream services with each other and with communities. Where Flying Start childcare settings are located within or adjacent to schools this aides the smooth transition into the Foundation Phase.
23. The impact evaluation of Flying Start suggested outcomes for families living in Flying Start areas may now be on a par with outcomes from families in less disadvantaged areas. Qualitative evaluation data also found evidence of all anticipated immediate outcomes of the programme. This includes children's language skills and their social and emotional development. Researchers concluded "experiencing the Flying Start programme has been life-changing for some high need families".
24. More detailed management data indicates particular success in certain areas, including 85 per cent of Flying Start 3 year olds meeting or exceeding their developmental norms for speech and language skills and 92 per cent of Flying Start 3 year olds meeting or exceeding developmental norms in Interactive Social Skills.
25. As with many early intervention programmes, some outcomes may not be realised for a number of years. A report published by the Early Intervention Foundation last year highlighted the fiscal cost of missed opportunities to provide early, targeted support to children and young people. The report concluded "early intervention is the smart and realistic choice for using ever scarcer public money". Current evaluation activity includes developing an approach to track outcomes for Flying Start children as they move into and through education. We will also continue to monitor a range of health outcomes including immunisation take up, healthy child weight and children's development.

Alignment of tackling poverty programmes project

26. Whilst we are satisfied we are funding the right mix of programmes to support mainstream services, we also appreciate there is always room to improve all programmes.
27. The Welsh Government has recently undertaken a piece of work to identify actions to bring closer alignment between the four principle tackling poverty programmes, Flying Start, Families First, Communities First and Supporting People in readiness for the coming financial year.
28. A project board was established with the aim of making recommendations around how the programmes could work better together through improved alignment and integration of activities where possible. The board is examining how they might be simplified and streamlined in order to deliver administrative efficiencies to help maximise the use of funding.
29. Three working groups were established to provide recommendations on funding and governance, performance frameworks and reporting measures and guidance and communications. Both Welsh Government officials and external stakeholders took part in these working groups, which reported their recommendations to the project board. The project board identified a number of both short-term and longer term proposals which provides opportunities for simplification between the four programmes.
30. I am currently considering the recommendations from the project board.

Rural poverty

31. Over a wide range of measures, rural Wales tends to be better off than the rest of Wales. These include average incomes, rates of benefit claimants, educational standards, health standards and crime rates. However, we recognise while rural areas are generally better than the Wales average on these measures, this does not mean there are no problems or the scale of problems is acceptable.
32. Evidence shows people living in poverty within rural areas need the same assistance as those experiencing poverty elsewhere. Families in rural areas are particularly faced with higher living costs, fuel and transport costs, as well as reduced access to the internet.
33. Recognising the problem of rural poverty, the 2014 and 2015 Annual Reports on progress towards the objectives in the Tackling Poverty Action Plan have also included actions being taken to address rural poverty. For example, the introduction of tackling poverty as a Cross Cutting Theme across all parts of the Rural Development Programme will mean funded programmes need to

include a focus on the poorest within their communities. Advice Services funded through Welsh Government continue to meet the different needs of the people of Wales, including making practical support available through telephone, face-to-face at outreach and regional premises or through home-visits where needed. We are also working closely with the Public Policy Institute for Wales to review the evidence around successful interventions in rural communities. We expect to report on our findings in Spring 2016.

Approach moving forwards

34. Poverty is extremely complex, with people experiencing a range of obstacles as a result of living on a low income, which means there are no easy solutions. Equally, the Welsh Government recognises the dynamics and characteristics of poverty change, so we need to continually assess our approach and make changes when they are necessary.
35. The alignment of the tackling poverty programmes is a part of this. However, as our approach to tackling poverty is cross-department and across all policy areas, we want to ensure there is a common approach and common priorities to addressing poverty. We have emphasised the key role of mainstream policies and programmes to address poverty, and there are opportunities to strengthen this. Across Ministerial portfolios, all Departments and every relevant policy area we look to embed tackling poverty as a priority.
36. We have been refreshing our approach to focus on the root causes of poverty. Resources are stretched and budgets are reducing. Within this context, we need to focus on those areas where we can have most impact. All Government Departments have been working together to identify the right priorities to tackle poverty.
37. Recognising employment is the best route out of poverty our key focus will be on maximising people's employability and aligning this with the creation of appropriate employment opportunities. Investment in the early years is also crucially important for children's long-term health and development and their achievements in later life.
38. These priorities will be reflected in our approach moving forwards. A key part of implementing activities which support this will be through place-based programmes, helping people in the places they live.. The Welsh Government sees place-based programmes as an ongoing tenet of our approach to tackling poverty, along with the role being played by mainstream services and other programmes.
39. The role of data, research and evaluation will continue to inform and direct our approach to tackling poverty. The Welsh Government recognises it is vital the resources we invest in policies and programmes demonstrate their value and lead to positive outcomes for the people they are directed towards.

40. As part of the Well-being of Future Generations (Wales) Act we have committed to the seven well-being goals, one of which is 'A Wales of cohesive communities'. It is essential we do all we can to achieve this goal, and if we are to do so we must dedicate resources towards some of our poorest and most vulnerable communities to ensure they are viable, safe and have every opportunity to thrive.

Agenda Item 3

By virtue of paragraph(s) vi of Standing Order 17.42

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Financial Inclusion Strategy

Introduction

1. The purpose of this paper is to provide evidence to the Communities, Equality and Local Government Committee in relation to the refresh of the Welsh Government's Financial Inclusion Strategy for 2016.

Financial Inclusion & Financial Capability in Wales

2. Recent research by the Money Advice Service (MAS)¹ suggests four in ten adults in Wales do not manage their money day-to-day as well as they might. Nearly one in five people in Wales are over-indebted and yet only one in five of those over-indebted seek money or debt advice. There has also been a shift in the nature of debt, from debt for non-essential spending towards priority debt connected with the home including rent, mortgage and council tax costs and essential household bills. Only a quarter of the working age population in Wales have a savings buffer of three or more months' income.

Draft Financial Inclusion Strategy

3. The Minister for Communities and Tackling Poverty (the Minister) committed to refreshing the 2009 Financial Inclusion Strategy to take account of changes to the economy, welfare reform, concerns around high-cost credit and the ability of service providers to support people whilst their own resources are reducing.
4. A Ministerially-agreed advisory group - the Financial Inclusion Development Group (FIDG) - was established to contribute to the collaborative development of a refreshed Financial Inclusion Strategy. Following agreement with the Minister, membership includes a nominee from Bethan Jenkins AM.
5. The draft Financial Inclusion Strategy is a universal strategy for everyone in Wales, although the main beneficiaries will be those currently, or at risk of becoming, financially excluded. There are three core themes and the cross-cutting themes of digital inclusion and maximising income / reducing outgoings. The core themes are:
 - Access to affordable credit and financial services;
 - Access to financial information, including debt advice; and
 - Building financial understanding and capability.
6. In the draft Financial Inclusion Strategy, the Welsh Government sets out a vision for a Wales where:

¹ Money Advice Service – Financial Capability in Wales 2015

- every adult and child receives the financial education he or she needs, starting in primary school and carrying on throughout their working lives and into retirement;
 - every adult has access to objective and understandable information and advice on credit, debt, savings and pensions, delivered at the time and via the channel most suited to an individual;
 - every adult has access to a transactional account of their own and the ability to make full use of it;
 - every adult has access to affordable and appropriate credit from responsible lenders;
 - every adult is encouraged to save, even in small or occasional amounts, to show the importance of a savings culture, to build up resilience against financial shocks and as an additional resource for retirement;
 - every adult has access to the right insurance cover for his or her needs, at a fair price.
7. The 2016 Financial Inclusion Strategy will be supported by a Delivery Plan, which will set out clear, measurable actions for delivering on the Strategy's commitments and consider plans for monitoring and evaluation of the Strategy's progress. It is suggested this could include an Annual Report. The membership and terms of reference for FIDG will be revised to set out their continuing role, especially in relation to the development and implementation of the Delivery Plan.
8. A nine-week public consultation on the draft Financial Inclusion Strategy (2 November 2015 to 4 January 2016) resulted in 51 responses. The formal consultation was supported with engagement opportunities covering the majority of key stakeholders, including local authorities, housing associations, advice providers, Credit Unions and credit providers. In particular, engagement opportunities included:
- Three Welsh Financial Capability Forums
 - Tackling Poverty Regional Event
 - Welsh Government Mathematics Working Group
 - Welsh Government Tackling Poverty External Advisory Group
 - End Child Poverty Network
9. A full analysis of the consultation responses was not available at the time of drafting this evidence paper. The majority of consultant responses in relation to the Strategy's vision and core themes agreed with the proposals. In general, around 80 to 90 per cent agreed with the vision or core themes, at most 4 per cent (2 responses) disagreed and the remaining respondents either did not respond to particular questions or provided comments without either formally agreeing or disagreeing.
10. Proposals for revisions to the draft Financial Inclusion Strategy as a result of consultation responses will be considered by the FIDG in February.

Collaborating with / Influencing Others External to Welsh Government

11. The Financial Inclusion Strategy sets out how Welsh Government aspires to work with partner organisations – both within Wales and at the UK level – to ensure a collaborative approach to tackling financial exclusion. Such a collaborative approach was welcomed during engagement events and generated a number of comments and additional suggestions during the consultation, with only two respondents to the consultation disagreeing with the proposals for a collaborative approach.
12. Following the UK Financial Inclusion Committee's 2015 report², a UK Financial Capability Board was established and a UK Financial Capability Strategy³ launched in October 2015. Wales is represented on the UK Financial Capability Board and we will use this position to influence at a UK level in relation to the commitments in the Welsh Government's Financial Inclusion Strategy.
13. In combination with the UK Financial Capability Strategy, a Financial Capability Strategy for Wales⁴ was published in November 2015. The definition of financial capability used in the strategy is wider than the one used by Welsh Government, as it includes access to financial services and products which Welsh Government considers are key contributors to financial inclusion in their own right. Following discussions with FIDG, it was agreed – where appropriate – to integrate elements of the Financial Capability Strategy into the core themes of the Welsh Government's Financial Inclusion Strategy.
14. 2016 will see the publication of strategies by external groups which will support financial inclusion in Wales. It will be important for the Delivery Plan for the Financial Inclusion Strategy to take account of such strategies, including:
 - Advice Services Strategy, prepared by the National Advice Network
 - Credit Unions Strategy, prepared by the credit unions in Wales.

Effective join up with Tackling Poverty / Child Poverty Action Plans, Strategic Equality Plan, Digital Inclusion and other Government Strategies

15. There are clear links between the draft Financial Inclusion Strategy and Welsh Government priorities, such as Tackling Poverty and the refresh of the Digital Inclusion Strategic Framework and Delivery Plan.
16. The Welsh Government is committed to the ambition of eradicating child poverty by 2020, with the Financial Inclusion Strategy contributing directly to delivering on the fifth objective of the revised Child Poverty Strategy – “to support families living in poverty to increase household income through debt and financial advice, action to address the poverty premium (where

² Financial Inclusion Commission <http://www.financialinclusioncommission.org.uk/report>

³ Financial Capability Strategy for the UK http://www.fincap.org.uk/uk_strategy

⁴ Financial Capability Strategy for Wales http://www.fincap.org.uk/wales_strategy

households pay disproportionately more for goods and services) and action to mitigate the impacts of welfare reform”.

17. Supporting parents to increase their income is a key part of tackling child poverty. Financial and digital inclusion initiatives can help mitigate the impact of poverty, by supporting and equipping families with the skills and resources to make their income go further. Action to address the poverty premium is especially important, as being excluded from mainstream services often means families living in poverty pay more for basic services such as fuel, food, housing and credit. Access to affordable financial and support for services providing information and advice on issues relating to debt, welfare reform, access to benefits, housing, money management, maximising your income and discrimination is critical. As is supporting children, young people and their families to increase their financial capability.
18. The draft Financial Inclusion Strategy also contributes directly to the first objective of the Welsh Government’s Strategic Equality Plan 2012-2016, which relates to information and advice services and may indirectly contribute to other objectives. Discussion on the potential draft objectives for the Strategic Equalities Plan 2016-2020 suggests closer links, with a continued objective around information and advice services and a new objective on reducing poverty and mitigating the impact of poverty.
19. The links between the draft Financial Inclusion Strategy and other Welsh Government priorities is examined in the “Where are we now?” section of the draft Strategy. Relevant strategies and programmes include Communities First; Flying Start; Families First; Communities for Work; Lift; Warm Homes programmes (including Nest and Arbed schemes); Supporting People; Successful Futures and the New Deal for the Education Workforce. Activities to promote financial inclusion will also be taken forward when implementing the Renting Homes (Wales) Bill, Housing (Wales) Act 2014, and Social Services and Well-being (Wales) Act 2014.

Financial Education and the Curriculum, Examinations, Inspection and Support for Teachers

20. Since 2008, financial education has been embedded in the school curriculum in Wales through the programme of study for Mathematics, and also in the non-statutory frameworks for Personal and Social Education and Careers and the World of Work.
21. “Manage Money” is a key element of the National Literacy and Numeracy Framework (LNF) which has been a statutory curriculum requirement since September 2013. The LNF strengthens the existing curriculum arrangements and supports all teachers to embed literacy and numeracy across the school curriculum.
22. In September, a new statutory programme of study for mathematics was introduced across primary and secondary settings with the literacy and

numeracy components of the LNF embedded within it. Money and money management also feature within the scope of the national numeracy tests.

23. The new mathematics programme of study also reflects the content requirements for the revised GCSEs. Financial education and money management is contained within the subject principles for the revised GCSE in Mathematics and Mathematics-Numeracy, which commenced first teaching from September 2015. It is our expectation most learners will be entered for both of the new mathematics GCSEs at the end of Key Stage 4; our KS4 school performance measures are designed to encourage this. However, for some learners it will be appropriate to sit only the Mathematics–Numeracy GCSE.
24. The Welsh Government has developed a suite of resources on the Learning Wales website. The resources are intended for use by teachers and as a training tool for LAs/consortia to enhance their knowledge and identify opportunities to deliver financial education in their own classroom. In addition, and through Welsh Government funding to Consortia to support the introduction of the new programmes of study and mathematics GCSEs, Consortia are working with schools on the peer development of resources and sharing of approaches, including for financial education.
25. The Minister for Education and Skills has committed to remit Estyn to undertake a thematic review on the teaching and learning of financial education in Wales. This is likely to take place in during the next academic year. Financial education will be considered as part of the wider reform of the curriculum, and the intention is this Estyn remit will help inform this process.
26. The thematic review will give Welsh Government a clear steer and recommendations on areas for improvement, and indicate areas of good practice for Welsh Government, regional Consortia and wider stakeholders to act on. Estyn’s published report would also provide assurance to the National Assembly financial education remains an important part of curriculum delivery, and it is sufficiently supported within schools. Outcomes from the report may also influence the development of the new *Curriculum for Life* through the Mathematics and Numeracy Area of Learning and Experience.

Budgets

27. Funding to support financial inclusion commitments and priorities will come from budgets across a number of portfolios as existing Welsh Government programmes will assist in the implementation of actions identified through the development of the Delivery Plan in areas such as digital inclusion, fuel and food poverty, support for vulnerable groups and housing support.
28. Whilst there will be a range of budgets which support this agenda, the Welsh Government has committed major funding to key areas. For example, in March 2014, we committed £1.9million of funding, tapered until March 2017, for the Credit Union movement to help financially excluded individuals. As at September 2015 (half way through the project), the funding has enabled the

fifteen Credit Unions involved in the project to provide over 14,600 loans at a value of £11.3m. Under advice services, we have supported the Better Advice: Better Lives (BABL) Scheme run by Citizens Advice Cymru (£2.2m per annum) which provides advice on benefit take up. In the first half of 2015/16 the scheme has assisted more than 9000 people with a confirmed benefit gain in excess of £10m. In addition to BABL, we have provided funding through our Frontline Advice Services Grant (£2 million in 2015/16) which helps advice services provide support on issues relating to welfare benefits; debt and housing. In the first half of 2015/16 more than 26,500 requests have been responded to, securing almost £5 million in income gains. The demand led Discretionary Assistance Fund (DAF) has continued to support those most in need. The DAF provides emergency assistance to between 1,500 and 2,000 people each month. Awards made from the Fund in the first two years (13/14 & 14/15) totalled almost 57,500 with total spend £14.8m. In the third year of the scheme, to date more than £4.2 million has been awarded.

29. Funding to schools for the delivery of financial education through the curriculum is part of the resource made available to local authorities through the Revenue Support Grant. In support of curriculum and qualifications changes over the last 2 financial years, Welsh Government has been grant funding education Consortia at £3.74 million to support schools embed curriculum and qualification changes in English, Welsh and Mathematics (including financial education). In addition, funding of over £95 thousand was provided for the bilingual publication of a range of Teaching Assessment Materials (TAMs) to support the teaching and learning of the new GCSE mathematics and mathematics-numeracy qualifications, at a cost of £95,975.

Conclusion

30. Engagement with key stakeholders and the high-level analysis of responses to the consultation on the draft Financial Inclusion Strategy has shown the commitment of organisations across Wales to promoting financial inclusion and tackling financial exclusion – both in terms of causes and effects.
31. The refreshed Financial Inclusion Strategy which will be published in March 2016 will take account of the views expressed by those attending consultation events and submitting formal consultation responses. This information will also feed into to development of the Delivery Plan later in 2016, which will confirm how the Welsh Government and partners will work collaboratively to action the commitments and promote financial inclusion and financial capability for everyone on Wales.

BETHAN JENKINS AC / AM

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Christine Chapman AM
Chair, Communities, Equality and Local Government Committee
National Assembly for Wales

January 19, 2016

REF: BJDH-CC-FIS-19-01-16

Dear Christine,

Financial inclusion strategy

You have asked for my views on the above refreshed strategy, and how it ties in with the policy objectives of my Financial Education & Inclusion (Wales) Bill.

I am laying out below the issues I raised in a letter to the Minister for Communities and Tackling Poverty in October last year. I should stress, before moving onto those points, that I have since met with the minister's officials and that the refresh remains a piece of work very much still in development – that is, they have the refresh in place but the action plan for implementing it – all important when considering outcomes has yet to be delivered.

This concerns I raised were threefold:

1. The accountability and effectiveness of the proposals;
2. The absence of an action plan;
3. The content of the proposals.

The first concern is perhaps the most important. As the proposals were presented, I struggled to see how this was an improvement on what is already in existence and, without robust accountability built into the process, I envisaged financial inclusion returning to this very same point in five-to-ten years' time.

My proposal here was to expand the remit of the Financial Inclusion Development Group (FIDG) from its current role of merely monitoring developments, to being responsible for the delivery of the strategy. I told the minister that this can be most effectively provided through an annual report on the progress of the new strategy, authored by FIDG and presented to the Assembly by any future Minister. This would allow a public discussion of financial inclusion at least once a year, as well as being able to measure whether the strategy is meeting its purpose. It would be odd - to put it mildly - if the Welsh Government were to introduce a strategy with no effective means of charting its effectiveness.

Secondly, I could not understand how the current document went out for consultation when it contained not one single, demonstrable action in exactly how this strategy would be delivered. I subsequently discovered that an action plan is to follow, which I found odd. Surely an action plan should be contained within the strategy? At present we have no clear idea of how the strategy's success (or otherwise) will be measured.

I took the draft strategy's commitments one-by-one, with my comments beneath. But I must say that good intent is undeniable here. I very much welcome that. What I think is lacking is a clear route from where we are to where we want to be on financial inclusion in Wales.

Access to Affordable Credit and Financial Services

Commitment: Welsh Government and Department for Work and Pensions to work with Wales Job Centre Plus to consider options for signposting Universal Credit claimants to credit unions offering rent or budgeting (jam jar) accounts where appropriate.

- *Need to know whether this has buy-in from DWP (and Wales Job Centre Plus), and what those options are? How will those options be translated into*

actions? Will time frames be attached to them or targets, and how will they be scrutinised?

Commitment: Welsh Government will work with key partners to ensure everyone has access to a transactional account, with people supported and encouraged to make an informed choice of an appropriate account for their circumstances and to make full use of their account.

- *Who are the key partners? What form will the support take? How will you ensure take-up? How will this commitment be measured? How do you think “encouraging ... an informed choice of an appropriate account” is going to work effectively? Time scales for introduction?*

Commitment: Welsh Government will work with key partners and the Link network to ensure those areas identified as being a priority for free to use cash machines are looked at as a matter of urgency.

- *This appears to me to be beyond the remit of what is possible, given that the National Assembly has no competence for financial services and that the Link network is commercially-run. Therefore they are not obliged to provide free-to-use machines, should it choose not to. Given the urgency, what are the time frames for achieving this commitment?*

Commitment: Welsh Government will work with the credit union sector, and other providers of affordable credit, to consider options for improving access to affordable short-term credit / money, on an all Wales basis. Part of this will ensure information is provided to ensure a greater understanding of the ways to access credit and their comparable costs.

- *I met with many credit union staff during the research I conducted for my Bill, and what came over – quite strongly – was that there is a difference in what the Welsh Government believes credit unions can deliver, and what they are really capable of. This requires far more explanation – again in terms of how this commitment will be organised, when it will be introduced, and how it will be measured.*

Commitment: Welsh Government will work with partners to develop and strengthen the signposting provided to Discretionary Assistance Fund applicants to help meet their wider financial needs, and to increase the number of partners who are working with their clients and supporting them to apply to the Discretionary Assistance Fund.

- *Are you satisfied that the strategy conclusively makes the case that it is signposting that is the answer to any lack of take-up? Requires time frames and means for measuring effectiveness.*

Commitment: Welsh Government will work with the credit union sector to further encourage the take up of Payroll Deduction (or through direct debits) across the public and private sectors

- *See my comments above. Does the Welsh Government have an assurance from all Welsh credit unions that this can be delivered? If so, by when, and how will it be scrutinised?*

Commitment: Local Authorities, Credit Unions and Housing Associations should encourage clients and tenants to have appropriate insurance cover for themselves and their possessions, and consider the provision of competitively priced products.

- *There doesn't appear to be any commitment from the Welsh Government here. Could there not instead be a duty, wider in its remit, particularly where local authorities are concerned, along the lines of what was proposed in my Bill? At present, this feels like a case of leading a horse to water but then not bothering to see whether it's taken a drink.*

Access to Financial Information, including Debt Advice

Commitment: Welsh Government will work with partners to develop the Money Made Clear web-site to ensure it continues to provide information on what support is available to those who most need it. In addition, given not all people will access the internet, we will work with appropriate partners to consider what further join up and awareness raising needs to be done in this area.

- *For those people not online, could your government leverage its support to advice networks to compel them to utilise this resource? Are there time frames and measurement for this point?*

Commitment – Welsh Government and partner organisations to ensure equitable access to advice services according to need, and to publicise trusted online resources and availability of quality assured and accredited information and advice services through relevant websites, newsletters, events and other promotional opportunities

- *Will the action plan contain details of how this will work? Requires time frames and means for measuring effectiveness. How will you define ‘trusted’ online resources? How will you identify and use trusted intermediaries who will provide the social proof that we know consumers look for? Will you refuse to work with organisations if they do not sign up to the sentiments of the financial inclusion strategy?*

Commitment: Welsh Government and partner organisations will use evidence and best practice examples to understand impact of other policies and practices on financial inclusion and effect policy changes where they have responsibility or influence change where leverage can be achieved.

- *Not a commitment. Cannot be measured, either.*

Commitment: Welsh Government and partners to produce a directory for information and advice services and develop plans to ensure content is accurate, accessible and up-to-date.

- *How will this be publicised? Requires time frames and means for measuring effectiveness.*

Commitment: Welsh Government will only extend financial support for quality assured information and advice provision and will encourage partner organisations to adopt the same policy.

- *Welcomed, but requires time frames and means for measuring effectiveness.*

Commitment: partner organisations to identify and train front line staff who can provide signposting services and ensure they have access to the most up-to-date information on advice services in their areas and links to appropriate online resources

- *Welcomed, since this proposal was included in the Bill. However, the refresh should refer to the Bill for ideas on how to make this more robust, and measureable. Need time frames for introduction.*

Commitment: Welsh Government will work with its own, and partners' programmes, which support people into employment to ensure the barriers financial exclusion present to entering employment, are addressed.

- *Requires time frames and means for measuring effectiveness.*

Building Financial Understanding and Capability

Commitment: Welsh Government, through a revised Financial Inclusion Development Group, will support MAS Wales to take forward proposed actions in the MAS Financial Capability Strategy for Wales which contribute to the commitments of this Financial Inclusion Strategy.

- *This needs considerable clarification. What will a "revised" FIDG look like? What will be its responsibilities? Who will it report to? Will it be appointed to? Who would do that?*
- *There also needs to be a clear distinction between what the Welsh Government and what MAS Wales will be responsible for delivering. This is extremely important. What exactly will MAS Wales be doing? Is it shaping strategy or merely delivering it? What kind of oversight will there be? What is the reporting process? What are the timelines for delivery?*

Commitment: Welsh Government will ensure appropriate links between promoting digital inclusion and financial inclusion are included in the refresh of the combined Delivery Digital Inclusion Strategic Framework and taken forward through the Digital Inclusion Delivery Plan.

- *Welcomed. How will this be measured and when will it be introduced?*

Commitment: Welsh Government will ensure effective implementation of the new mathematics GCSEs, the Welsh Baccalaureate and the revised mathematics programme of study across all maintained education settings in Wales, supported by the New Deal for the Education Workforce.

- *A commitment through primary legislation to providing financial education – a core life skill – would give the education system the flexibility to provide opportunities for families to learn about money together. Given the overwhelming evidence not only that financial behaviour is largely learned from parents, but that pupils given financial education are able to “trickle up” that knowledge, this would have benefitted from a holistic, decisive solution. How will the Welsh Government demonstrate that this commitment will be adhered to, and by when?*

Commitment: Through the Minister for Education and Skills remit to ESTYN, they will be charged with reviewing the teaching and learning of financial education in Wales.

- *Welcomed. But I would like to see this strengthened to reflect the nature of the discussions we had when we negotiated my Private Members Bill- that there would be 3 yearly thematic reviews. These should also be reported to the Assembly.*

Commitment: Welsh Government and partners will work to encourage private sector organisations to sponsor corporate social responsibility (responsible business practice) projects relating to financial education / capability.

- *How will this work? How will it be measured and when will it be introduced?*

Commitment: Welsh Government will work with and support partner organisations to promote and encourage financial capability initiatives targeted at parents, families, children and young people, including through informal and peer-to-peer interventions.

- *This would benefit from far stronger, top-down direction from the Welsh Government, with duties imposed on local authorities. There are a lot of very good financial capability initiatives, but without greater co-ordination, this runs*

the risk of being delivered unevenly, paving the way for “postcode lottery” services. A clearly-defined and agreed standard, together with measurable targets and timelines would give this commitment far greater punch.

Commitment: Welsh Government will work with partners to promote the use of examples of not spending more than necessary as a means to engage people in digital inclusion initiatives.

- *Not really sure what this means. Is this aimed at curbing online and smartphone gambling? That would be welcome, but recognise the difficulties when this lies outside the competence of the Assembly. What exactly would be promoted, how would it be measured, and when would it be introduced.*

When I was drawn to take forward private members’ legislation, I chose the improving of financial capability directly as a result of my experiences working for my constituents. It was drawn up with the express intention of helping to bring about a Wales where school leavers were renowned for their financial education and where the population as a whole was far more financially capable. In order to achieve that, we drew up outcomes – measurable outcomes – to ensure that the process wasn’t in vain. I was – and remain – of the opinion that this issue is far too important for us to fail.

Much of this letter is a variation of the correspondence I sent to the Minister.

Kind Regards,

Bethan Jenkins AM South Wales West

Aelod Cynulliad Plaid Cymru - Gornllewin De Cymru
Plaid Cymru Assembly Member - South Wales West

Agenda Item 4

27 January 2016 – Papers to note cover sheet

Paper No:	Issue	From	Action Point
Public papers to note			
3	Public Services Ombudsman for Wales – Annual Report	Minister for Health and Social Services	Correspondence in relation to the Public Services Ombudsman for Wales – Annual Report 2014/15

Mark Drakeford AC / AM
Y Gweinidog Iechyd a Gwasanaethau Cymdeithasol
Minister for Health and Social Services



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: MA-P-MD-1611-15

Christine Chapman AM
Chair
Communities, Equality and Local Government Committee
National Assembly for Wales
Cardiff Bay
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19 January 2016

Dear Christine

Thank you for your letter of 15 December. I note your comments on the Public Services Ombudsman for Wales (PSOW) annual report for 2014/15 which I received in July.

You highlighted the upward trend in complaints about NHS bodies received by the Ombudsman's office over the past five years. I would expect there to be a rise in the number of complaints since the Putting Things Right process was introduced in April 2011 which made it easier for people to have their issues dealt with.

The PSOW annual report also states that there was only a 1% increase in health body complaints over 2013/14. This may be as a result of the publication of the Evans report, "The Gift of Complaints" in 2014 and the ongoing work to implement the recommendations. These include the need to support and empower staff to deal with concerns quickly and at source by 'nipping them in the bud' before they escalate into complaints. This approach should lead to more concerns being managed informally to the satisfaction of the user and eventually to a lower referral rate to the PSOW.

While we wish to encourage a culture in which patients and families feel able to raise concerns, and are supported in doing so, it is nevertheless important to put cases which are raised with the Ombudsman in perspective. During 2014/15, there were more than 22 million planned appointment in primary care, one million attendances at A&E Departments and 756,000 hospital admissions. The Ombudsman received 769 health related complaints.

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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.

New arrangements for handling social services complaints also came into effect in August 2014. This provided for a simplified process and aligns social services with other public services, notably the NHS. These procedures are similarly based on the key principle that everyone who makes a complaint about social services in Wales has a right to be listened to. Their views, wishes and feelings must be heard; and their concerns should be resolved quickly and effectively. For that reason, I would also expect a rise in the number of social services complaint received.

Best wishes,
Mark.

Mark Drakeford AC / AM

Y Gweinidog Iechyd a Gwasanaethau Cymdeithasol
Minister for Health and Social Services

Agenda Item 9

By virtue of paragraph(s) vi of Standing Order 17.42

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