

**National Assembly for Wales
Bethan Jenkins AM - Financial Education and Inclusion (Wales) Bill
FEI 12 - Caerphilly County Borough Council - Universal Credit Local
Authority Led Pilots**

**Caerphilly County Borough Council response to the Consultation on a
proposed Financial Education and Inclusion (Wales) Bill**

Responses to Questions 1-12 of the consultation will be forwarded to the Welsh Government from the EAS on behalf of the 5 South East Wales local authorities.

The responses to the questions below have been contributed by stakeholders from non-education departments within the local authority.

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

Response

Financial inclusion already has a high profile within Caerphilly Borough and there are a number of projects currently on-going which seek to support its residents with financial independence. The need for a specific strategy would not be considered as a requirement as financial inclusion and literacy already underpin wider local authority strategies and priorities within the Single Integrated Plan.

In 2009 – 2010 a strategy promoting financial inclusion for the borough was drafted. The strategy included a nine month action plan that incorporated school based financial inclusion actions and was delivered through a multi agency task and finish group. The task and finish group also submitted a response to the Welsh Government publication – *Financial Inclusion Strategy for Wales: Taking Everyone into Account*. A copy of the response is attached for information.

Any aspirations regarding promotion, free and local access to any service will involve a cost. Consideration needs to be given to the provision of funding for any specific strategies to support delivery.

- **Question 14** - *What are your views on requiring each local authority's financial inclusion strategy to show how authorities intend to:*
 - *effectively regulate street trading*
 - *take steps to prohibit cold calling in their area*
 - *engage with credit unions in their area*
 - *promote financial inclusion when buying goods and services*

Response

In relation to Point 1 - *effectively regulate street trading*- it is unclear how general controls on street trading would contribute to the financial well being of residents. It is assumed the concern is with financial lenders calling door to door which are not controlled by the Local Government Miscellaneous Provisions Act (LGMPA).

The UK Government consultation referred to on page 18 of the consultation document intended exempting Pedlars from the LGMPA requirements. Under the UK Government proposals, pedlars will be clearly defined in the LGMPA and a pedestrian trader operating in accordance with the definition will be exempt from Schedule 4 which means a licence will not be required to operate and so an offence will not be committed. The feedback from the UK Government consultation is still being analysed so the full intentions regarding Pedlars & Street Trading are unknown at this time

In order to provide a more substantive response further clarification on with the outcomes of the UK Government consultation and what is meant by "effectively regulate street trading " will be required.

In response to point 2 - *take steps to prohibit cold calling in their area*- Caerphilly Council already take steps to prohibit cold calling in the borough. The reference to guidance from the Office of Fair Trading on page 18 of the consultation document relates to the legal position of local authorities in establishing No Cold Calling Zones. Generally, the reasons for these zones not being established relates to a lack of available resources. In order to establish No Cold Calling Zones evidence of need has to be established and information in relation to previous problems has to be collated from the Neighbourhood policing teams to negate any potential legal challenges. There are also cost implications in establishing these Zones, cost for signage and associated paperwork (leaflets, resident consultation etc) can be in the region of £2000 for a small area. There is also an officer resource required to implement zones and many local authorities may not have the officer resource available.

Caerphilly Council Community Safety and Trading Standards departments work closely in partnership with the police and neighbourhood watch groups and have developed strong links but without sufficient finance and staff resources it may be unfair to require local authorities to outline what they have done to establish such zones.

In response to point 3 - *engage with credit unions in their area*- The Caerphilly Councils Poverty Task Group has established a Credit Union Task & Finish Group, charged with increasing membership and volunteering in the three Credit Unions operating in the borough. Work has been undertaken to identify the baseline (including a survey of CCBC staff) use and a marketing plan is being developed which will be used to publicise the opportunities provided by the CUs.

- **Question 19** - *Should the public be able to use online facilities in libraries without having to pay for them, and if so, is it necessary to put this down in law?*

Response

Free access to Internet facilities in Welsh Public Libraries is a commitment that all Local Authorities seek to adhere with. At least the first hour of use is free in each of the 22 Councils and Caerphilly offers a completely free service apart from charges for any printing customers may require.

At present as all Local Authorities provide an element of free provision it may not require a legislative base - however as financial pressures increase on Authority's and with the need to increase income levels to offset savings, this assessment may require regular challenge.

- **Question 20** - *Do you envisage any problems that could arise by prohibiting libraries from charging for internet access?*

Response

At present if the 'status quo' of free at the point of use is maintained and consumable costs for printing recouped then there should be no significant problems in prohibiting libraries from charging for internet access.

- **Question 21** - *Do you believe there are occasions when the public should be charged for using computers in libraries?*

Response

The present balance of free at the point of use is correct and supports the access/education/information agenda of each respective Local Authority and the Welsh Government's Libraries Inspire Strategy (2012-16) and 5th Quality Standards Framework, 2014-2017.

Additional information

Response to Communities and Culture Committee Inquiry into *Financial Inclusion and the impact of Financial Education*

This is a response to the Inquiry from a multi agency task and finish group set up by Caerphilly County Borough Council to promote financial inclusion within the borough in line with the Welsh Government publication - *Financial Inclusion Strategy for Wales: Taking Everyone into Account*. The Inquiry is welcome by the group as financial education is a key part of an action plan the group is currently developing to promote financial inclusion and combat poverty within the borough. The remit of the Inquiry into tackling poverty for people of *all ages* is particularly welcome, as poverty clearly impacts on people of all age, and needs to be tackled on an intergenerational basis. Members from the group would be happy to present to the Committee the work in the Caerphilly borough being undertaken around financial education.

Consultation Questions

- 1. What opportunities do people in Wales currently have to gain and develop the skills, knowledge and confidence necessary to make informed decisions on budgeting, borrowing and financial products? Are there any examples of good practice in the provision of financial education that could be replicated across Wales?**

To inform the work of the task and finish group set up in the Caerphilly borough to promote financial inclusion an anti poverty audit was conducted. The audit found there was a broad range of approaches being undertaken to tackle poverty and promote financial inclusion within the borough including: business information and support; career guidance; upgrading housing and energy efficiency measures; maximising income initiatives; financial literacy education; mortgage rescue initiative; consumer advice; credit unions; debt advice; managing finances and properties for clients who have been deemed mentally incapacitated; tackling basic skills; provision of low cost insurance scheme and debt relief orders.

All of the organisations responding to the audit were working in partnership on tackling poverty/promoting financial inclusion covering a broad range of partner organisations revealing the breadth of the scope of anti poverty/promoting financial inclusion work.

- 2. What gaps and challenges currently exist in the provision of financial education, and how can these be addressed?**

A variety of barriers were identified by the audit facing people in the Caerphilly borough to having access to an appropriate range of financial products and services, with the most frequently reported barriers being: difficulties in opening bank accounts; lack of affordable credit options; lack of financial literacy skills and lack of debt and financial advice services.

A variety of gaps were identified by the audit in tackling financial/social exclusion within the borough with the most frequent reported gaps being: lack of financial/debts advice services and lack of joined up work around financial/social exclusion.

A variety of priorities were identified in tackling financial/social exclusion within the borough with the most frequently identified priorities being: financial literacy education which will be of particular note to the Inquiry; investing in financial/debt advice services; improving employability skills and access to training/more employment opportunities; raising awareness of help and services available and ensuring joined up working.

The audit also identified the following lessons learnt in undertaking work to tackle financial/social exclusion, which could be indicative of possible solutions:

- there are insufficient resources for financial/debt advice;
- people have little idea of what support is available and may feel ashamed to ask; easy access to reasonable finance is required;
- need to raise profile of credit unions; importance of raising basic skills and undertaking more work around financial literacy for adults of all ages;
- coordinated partnership work vital, and more should be done to improve the energy efficiency of homes primarily within the private housing sector.

3. What do you consider to be the appropriate roles of the statutory, private and third sectors in providing and promoting financial education within communities? How can organisations within these different sectors most effectively work collectively? Is there a need for the Welsh Government, or Local Government to strategically co-ordinate such efforts?

All these sectors play a key role in promoting financial education within communities. There are already frameworks in place bringing together these organisations in working together for the benefit of local communities such as through community planning, the voluntary sector compact agreement, the Local Service Board and Community First Partnerships.

4. What, if any, role should credit unions and Community Development Finance Institutions (CDFIs) have in increasing financial capability and the provision of financial education? Are they effective at this?

Credit Unions have a key role to play and this is being recognised by the promoting financial inclusion strategy this task and finish group is producing and accompanying nine month action plan. Two examples of the work of credit unions working in the borough are:

Smart Money Credit Union Ltd

The credit union services include safe and secure place to save and to access low cost loans. The credit union covers both Caerphilly and Blaenau Gwent boroughs. The credit union delivers financial literacy to groups of young people and works with school children to enable them to run their own savings clubs. It offers Christmas Savings accounts along side their normal savings accounts. This helps to prevent the need to borrow from door step lenders at the most expensive time of the year. It also offers low cost loans, and provide people with the option of having benefits paid directly into the credit union.

Islwyn Community Credit Union

Islwyn Community Credit Union provides a saving and low cost loan service. It works with adult and young savers across Islwyn. The credit union is working in partnership with Communities First on a financial inclusion project in Markham, and has a young savers scheme in Markham Primary School with pupils involved in running the saving club.

5. In what ways can effective financial education help maximise income, minimise outgoings and therefore ultimately minimise debt?

This should be the focus of work around financial education. The following are some examples of work within the borough:

Careers Wales Gwent works with young people in groups within education, and also provides individual impartial careers guidance to young people between the ages of 14-19 at key transition points. Their additional support team provide an enhanced service to offer assessment, motivational support and mentoring to those young people who need a higher level of support and who are in danger of becoming disengaged (and therefore in danger of social and financial exclusion). Their adult advisers provide adults with information advice and guidance on career, employment and learning opportunities to enable them to make decisions at key transition points, improve their skills and maximise their chances to secure and progress in employment (and thus financial inclusion)

Caerphilly CBC Youth Service focuses on the education of young people through informal and non-formal aspects. It tackles poverty and financial inclusion through -

- Contribution to basic and key skills of young people
- Provision of qualification courses
- Support to achieve well in formal education (schools)
- The accessing of young people not in touch with other agencies

50+ Positive Action Partnership is responsible for the local implementation of the Strategy for Older People in Wales. One of the core aims of the partnership is to maximise income and there are a number of initiatives that work towards this aim -

- A multi agency maximising income group that meets bi monthly to share information and to find ways of working together to ensure older people access all the income

and benefits they are entitled to. In 2007-08 there was a £5.4 million benefits and grants uptake claimed by people 50+ in the area.

- *Here to Help* events focusing on maximising benefits and grants at a range of venues across the borough. These events are combined with activities or performances to try to increase the numbers of the public attending.
- Benefit information is provided online via the Caerphilly 50+ Forum website and through press releases to the local press and articles in the Council's *Newsline* highlighting the issues and giving a range of contact numbers for people to access support.
- Calendars produced with *Bill & Babs* who are cartoon characters used to promote services and support with particular focus on maximising income.
- Software has been purchased to enable the Partnership to more accurately target households most likely to be experiencing financial hardship.
- Leaflets have been produced to target busy professionals/friends and family of those who might be in need which will be distributed through a range of networks

Caerphilly County Borough Citizens Advice Bureau

The bureau offers free, confidential and independent debt advice by telephone and face to face and also offers detailed casework if and when appropriate. The bureau undertakes financial capability work and has recently received funding from the Lottery and Nationwide to spend over two years on delivering financial capability session. The following are some examples of the Bureau's work -

- **Caerphilly Rent Clinic**

Runs on a fortnightly basis providing advice on budgeting and debt management.

- **Women's Aid Debt Clinic**

The clinic runs once a month providing advice on budgeting and debt management.

- **Financial Capability Work**

A number of initiatives are undertaken around this work such as: providing advice on alternative ways of saving for Christmas; sessions on finding the best energy deal; sessions with students on budgeting and the cost of credit; financial capability sessions for care leavers and also front line workers who were working with young people; with 50+ groups on budgeting, energy saving tips, wills and power of attorney and common scams.

- **Budgeting with homeless people**

On a trial basis four half day sessions have been held on budgeting and dealing with debt, for people who are currently staying at the local authorities bed and breakfast facilities and their hostel. At the end of the session, people also have the opportunity to discuss any debt issues they may have on a one to one basis. It is hoped that the information given at these sessions will go some way to prevent the clients becoming homeless again.

6. Can financial education reduce the reliance within some communities on doorstep money lenders (including both legal and illegal lenders) charging high interest rates?

Increasing awareness would help but also there is a need for access to affordable credit and savings such as through Credit Unions. Work around promoting basic accounts could be beneficial in this area.

Jackie Dix (on behalf of the Caerphilly borough task and finish group on promoting financial inclusion)*

Acting Policy and Research Manager

Caerphilly County Borough Council

Penallta House

Tredomen Park

Ystrad Mynach

Hengoed CF82 7PG

Tel: 01443 864447

E mail: dixj1@caerphilly.gov.uk

- Membership of the task and finish group includes Caerphilly Borough Council, Caerphilly County Citizens Advice Bureau, Smart Money Credit Union, Islwyn Credit Union, Venture Wales and the Financial Inclusion Unit, Welsh Assembly Government. The group is currently seeking representatives from local housing associations.