

National Assembly for Wales

Children, Young People and Education Committee

FEI 16

Financial Education and Inclusion (Wales) Bill

Evidence from : City & County of Swansea on behalf of the Swansea Financial Inclusion Steering Group

Proposed Financial Education and Inclusion (Wales) Bill

Response from the City & County of Swansea on behalf of the Swansea Financial Inclusion Steering Group

The Swansea Financial Inclusion Steering Group was established in 2009 in response to one of the recommendations made at the Financial Inclusion Seminar: Making the Best of Local Connections. The Steering Group is a Swansea wide network of public, third and private sector organisations delivering services linked to the financial inclusion agenda.

Partners include:

- City & County of Swansea
- Communities First
- Citizen's Advice Bureau
- Credit Union
- SCVS
- Money Advice Service
- Family Housing Association
- Environment Centre
- Groundwork,
- Swansea Bay Age Cymru,
- NEA
- Gwalia
- Principality Building Society
- Barclays Bank
- Care and Repair Swansea
- Energy Savings Trust
- Swansea Bay Regional Equality Council
- Energy Saving Trust
- Police
- Wales Co-operative Centre
- Red Cross
- Costal Housing
- Moneyline Cymru

Since 2010 the Steering Group has been responsible for the development and delivery of an overarching Financial Inclusion Action Plan which encapsulates current and planned activity across Swansea under the themes identified within Welsh Governments Financial Inclusion Strategy: "Taking Everyone into Account". These are:

1. Access to Mainstream Services
2. Providing Affordable Credit and Services
3. Improving Access to Money and Debt Advice
4. Increasing Financial Capability and Literacy
5. Income Maximisation

In 2012 the plan was adopted by the Chief Executive's Poverty Forum as a delivery mechanism for one of the five key areas of focus within the Forum's work plan for tackling poverty in Swansea. The five key areas are:

- Income & Debt
- Education Attainment
- Health Inequalities

- Supporting Families
- Worklessness

At this stage an additional theme of 'Strategic Development' has been added to the Financial Inclusion Action Plans to support the identification of more effective ways of maximising available resources.

Financial Education within the Curriculum

Response

Colleagues in Education have suggested the development of work in this area is linked in with the *National Literacy and Numeracy Framework* and the *Curriculum for Wales: Phase 1 - revised literacy and numeracy arrangements* **which has** revised two Areas of Learning (AoL) and three programmes of study (PoS) to complement the National Literacy and Numeracy Framework (LNF)

- The LNF which deals with numeracy across the curriculum is now statutory and appears from Foundation Phase through to KS3 (from Year 3 there is more emphasis on 'Managing Money');
- Within the *National Literacy and Numeracy Framework* and the *Curriculum for Wales: Phase 1* there is more of an emphasis on how money is managed;
- Many schools take part in a Maths Numeracy week in June;
- There is more emphasis on being moneywise and the management of money (the New Curriculum includes the LNF and Maths Curriculum);
- There is already a bank of resources on the Welsh Government website that schools can use to support them in the classroom.
- There used to be a funded role and the people in posts delivered Financial Literacy training but unfortunately this no longer exists. This may be an area for consideration along with the idea of sessions being delivered by external organisations. This may be particularly useful for pupils who are at risk of exclusion from education. In Swansea, Barnardos BAYS Project has successfully delivered interactive sessions in a school setting. The Reaching Wider Programme at Swansea University has also delivered money management sessions for potential students from more deprived backgrounds;
- The PSE Curriculum deals with money. Pupils are encouraged to understand that money is earned through work and can buy goods and services; the importance of looking after the money and the benefits of regular saving.

To require local authorities (county and county borough councils) to promote financial inclusion by producing and adopting a financial inclusion strategy.

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?

Any strategy will only be effective if it is supported by a clearly defined action plan, this is something that has been in place in Swansea since 2010. It is however important to note that a Local Authority Strategy developed in isolation will not be sufficient to tackle the range of issues caused by (and causing) financial exclusion. It needs to be a partnership driven document that has clear actions, desired outcomes and identified leads.

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; and**
- **promote financial inclusion when buying goods and services?**

The issue of **street trading** is already covered within existing laws within planning, licencing and consumer law. Whilst reference to this may be included within the Financial Inclusion Strategy the supporting action plan would only need to detail any specific activity that is identified in terms of targeted campaigns and projects for example, awareness raising of the high interest rates charged by door step lenders.

No Cold Calling Zones are an effective way of raising public awareness of the fact that they do not have to tolerate cold callers but the issue of enforcement is more of a challenge. To be effective NCCZs would need a back office resource to deal with receiving complaints about breaches and capacity to offer a response to those complaints. A bigger issue and one that is impossible to tackle at a Local Authority level is the issue of cold calling over the telephone.

When developing the idea of NCCZs consideration needs to be given to culturally accepted norms within some communities. Whilst the high interest rates of door step lenders like Provident and Shopcheck are well documented, in some communities the local agent is often a friend or relative who is a welcomed visitor to the home. Doorstep loans are often actively sought by borrowers, and cold calling prohibition would do little to curb their use.

The City & County of Swansea has a long tradition of working in partnership with the local **Credit Union**. In recent years there has been an increased drive to promote the Credit Union as an ethical alternative to high interest lenders.

The challenge for Credit Unions across the UK is one of sustainability. Increasingly local and national governments are promoting the use of Credit Unions amongst some of our most financially excluded citizens. Whilst this is right in terms of protecting those citizens from the scourge of high interest lenders government at all levels needs to be mindful that Credit Unions are not charitable organisations but as co-operatives are financial businesses who will not be able to support those at the higher end of the financial risk spectrum.

To enable Credit Unions to become the self-sustaining organisations that the financial inclusion agenda requires we need to be doing more to promote them as Community Banks providing a service for people of all levels of income within the community and keeping the money invested within the community. At the moment the image of Credit Unions is that of a 'poor man's bank' and this is acting as a barrier to getting better off savers engaged with the movement. This is the essential element that will enable Credit Unions to become more self sustaining.

Cold calling and **street trading** may be problems, appropriate for FI strategies to focus on, in some localities but not others. Credit Union **engagement** will depend on the capacity and accessibility of the credit union in any particular area. Rather than requiring the inclusion of these specific interventions in each local authority's financial inclusion strategy, it may be more useful to require that strategies *show how local authorities intend to investigate and identify the particular issues in their*

communities. This should help ensure that actions undertaken are based on actual community need, and more likely to be effective.

15. Are there any other things that the strategy should contain in terms of how local authorities promote financial literacy and inclusion?

Over the next few years it is going to be critical that any work relating to the Financial Inclusion agenda links in with the work that is going to be needed to mitigate any negative impact from the introduction of Universal Credit.

The reasons behind the introduction of Universal Credit have been, and will continue to be widely debated within political arenas. Whilst this is happening, Local Authorities have been and will continue to work with partner organisations to identify likely impacts and ensure that necessary support to mitigate negative impacts are in place. For example, ensuring that claimants are able to manage their finances when benefits, including Housing Benefit are paid in one payment one month in arrears. A co-ordinated piece of work will need to be considered to ensure that unscrupulous lenders do not seek repayment of debt owing to them before the claimant has the opportunity to repay any priority debt e.g. rent. In Swansea we will be ensuring the actions within the Financial Inclusion Action plan reflect the discussions around the Universal Support: Local Delivery process. .

16. What are your views on requiring local authorities to publish an annual report on how they have implemented their financial inclusion strategy?

Whilst the importance of ensuring that citizens of Wales are not suffering from financial exclusion is self-evident any proposal to push this forward needs to be mindful of the increasing demands (both in terms of accountability to Welsh Government etc and from service users) being placed on Local Authorities and partner organisations at a time of ever decreasing resources.

To avoid unnecessary duplication via multiple reporting processes, is there scope to consider including any reporting on the Financial Inclusion agenda within the already statutory duty to report on activity relating to Child Poverty within the Children & Families (Wales) Measure 2010, or in the Single Integrated Plan?

Experience in Swansea where we included the poverty proofing of policy and service development within the existing statutory Equality impact Assessment process, showed a greater acceptance and meaningful 'buy in' from a wider range of colleagues as they recognised and acknowledged that an attempt had been made to avoid unnecessary duplication.

17. Should the Bill make any further provision with regard to monitoring or enforcement arrangements in relation to the financial inclusion strategy? If so, what should these provisions look like?

Monitoring the actions and possibly using the work happening at a local level to inform the development of national policy would be useful. However, enforcement is likely to be a bigger challenge given that the Local Authority will be heavily reliant on partner organisations in terms of the delivery of the actions within the plan. Many of the Third Sector partners, who play a critical role in this agenda, are reliant on

annual funding and in the current climate are increasingly more likely to have to withdraw services purely on financial grounds.

18. What are your views on enabling Welsh Ministers to issue guidance to local authorities about any aspect of their compliance with the provisions of the Bill (including the production and implementation of their financial inclusion strategy)?

Guidance in terms of the production of the strategy/action plan would be an enhancement of what was included in the work around 'Taking Everyone into Account'. As stated previously compliance is more of a challenge given that no one organisation is able to deliver the activity required for this agenda.

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?

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

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

In an ideal world the answer to this is that the service should be free. However, the issue of library provision in itself is a matter of concern for most Local Authorities in the current climate. Some Local Authorities have already withdrawn library facilities as part of their budget rationalisation and others are looking at alternative delivery mechanisms that could include community run libraries. In this context it would be difficult to legislate for free access unless there was Welsh Government funding to subsidise the service.

It is noticeable that the DWP as part of the changes under Welfare Reform, are promoting libraries as the first option for claimants who do not have access to ICT but need to make on line applications, or honour their claimant commitment regarding online job searches.

22. How appropriate or necessary would it be to require local authorities to provide specific financial management advice to those who were formerly looked-after children?

This is a link to a page on the Swansea Leaving Care website

<http://www.swansealeavingcare.com/independantlivingskills/independant-living-skills-2/>

In addition to this online information source our 14+ team and the Bays Project (Barnardos) work closely together to ensure that care leavers of the appropriate benefits in situ when they leave care as well as any financial help relating to education qualifications. In response to a recent consultation undertaken via the Join In project vulnerable young people highlighted financial management and how to manage a home as their main areas of importance.

23. How appropriate or necessary would it be to require local authorities to provide specific financial management advice to individuals seeking assistance on other related matters?

The City & County of Swansea has imposed a block on access to Payday Loan websites from all PCs including those in Libraries. Instead of just saying the site is blocked the user is redirected to a landing page where they are given contact details for a range of partner organisations that can offer support on a range of issues like debt, benefits advice, ethical loans etc.

However, whilst the Local Authority can train a range of frontline staff in basic debt and money management advice the wider financial inclusion agenda is heavily reliant on partner organisations delivering the more detailed expert service. The area of exception for Swansea is in relation to Benefits where we have retained a central team of Welfare Rights Advisers who train frontline staff in various levels of benefit knowledge as well as offering advice and support with more complex cases.

While the local authority may not be the best organisation to deliver holistic money advice, there is a case for investigating the points at which an individual who contacts the local authority for something may also be receptive to money advice, and for the local authority to have a role in brokering it. Money Advice Service and CAB have long promoted the co-location of money advice and debt advice, in recognition that when someone needs a loan they are likely to be more responsive to a holistic review of their finances. It may be that when first registering for a Council tenancy, for Council Tax, for a school place for a young child or when contacting the local authority to report bereavement etc, the individual may take up the offer of money advice.

24. Do you foresee any financial implications, in terms of either costs or benefits, for any organisations or persons in relation to the proposals in this document? If so, can you describe and quantify these impacts?

This will require further more detailed investigation

25. Are there any other comments that you would wish to make on my proposals, which are not addressed in any of the previous answers?

We know that financial exclusion is an intergenerational phenomenon and any legislation would need to take that into consideration. Yes, in terms of tackling cycles of financial exclusion money matters as part of the National curriculum is important. However, this needs to be balanced with the knowledge that there are working age adults that are already struggling with money management. This may be due to lack of financial skills but it could equally be as a result of insufficient income whether through pay or benefits at a time when the cost of living is rising. This is likely to become an increasing issue as the impact of Welfare Reform accumulates. The next significant impact is likely to be with the implementation of Universal Credit when benefits payments will be paid in lump sums a month in arrears.

Research by Consumer Focus Wales, Financing in the Future (2010) showed an increase in numbers of people aged 60+ struggling with debt. This is the age group most often assumed to have good money management skill. This will be compounded when we see people entering their retirement years with established debt and decreasing financial resources to pay back that debt.

Effective conversations about wiser borrowing and money management can only occur if people are open and unembarrassed. Work is needed – with communities and those who advise them - to tackle the stigma of debt; in an environment where people's sole source of income is received a month in arrears, the inevitability of debt must be acknowledged. Money Advice Service research finds that those who avoid debt do so as part of a personal identity and value system. Rather than be in debt to a landlord whilst waiting for a payment of Universal Credit, people not used to borrowing may make unwise choices, in particular seeking loans in the underground, unregulated arena in order to keep their borrowing secret. CAB report that even in couples and families, money is a taboo subject and decisions about credit are not discussed. This will present further problems when Universal Credit is paid to one member of a couple

To ensure that Financial Inclusion is properly embedded within the Welsh Government's Tackling Poverty agenda it should be a consistent element with appropriate targets and outcomes across all Tackling Poverty initiatives including Communities First and Families First.