

Leighton Andrews AC / AM  
Y Gweinidog Gwasanaethau Cyhoeddus  
Minister for Public Services



Llywodraeth Cymru  
Welsh Government

Ein cyf/Our ref – LF-LA-0926-14

Ann Jones AM  
Chair of Children, Young People and Education Committee,  
National Assembly for Wales  
Ty Hywel  
Cardiff Bay  
CF99 1NA

October 2014

Dear *Ann*

### **Financial Education and Inclusion (Wales) Bill**

Your letter of 24 July, to my predecessor, the then Minister for Local Government and Government Business, invited her to submit written evidence on the Financial Education and Inclusion (Wales) Bill as introduced by Bethan Jenkins AM. I am responding to your letter as Minister for Public Services.

In responding I am conscious the Minister for Communities and Tackling Poverty is providing oral evidence to the Committee which will include the Well-being and Future Generations (Wales) Bill, and our approach to integrated planning on a local level based on robust assessments of need.

The Bill sets out the policy intent:

- that Local Authorities must consult on, publish and report and a Financial Inclusion strategy.

The provision in this Bill requiring Local Authorities to adopt a financial inclusion strategy would be inconsistent with our policy of integrating plans and partnerships in order to reduce bureaucracy for public service bodies, enabling resources to be focussed on the delivery of services.

I refer the Committee in particular to arrangements specified in Part 4 of the Well-being of Future Generations (Wales) Bill which will place a duty on specified public bodies to engage in integrated community planning to improve the well-being of the people, communities and areas they serve. This will include the requirement to produce an assessment of the state of economic, social and environmental well-being of the area. The local well-being assessments will also be required to 'include an analysis of the state of well-being of any category or persons in the area whom the board considers to be vulnerable or otherwise disadvantaged'.

As a key determinant of both economic and social well-being I would expect issues of financial inclusion to be reflected in this assessment and considered when formulating integrated plans for services tackling poverty, housing issues and homelessness; mitigating the impact of welfare reform; and local health and social care. I prefer provisions which respect the autonomy of Local Authorities and other local public service partners, thus enabling them to make decisions based on an assessment of need and understanding of the locality they serve, to the approach proposed in the draft Financial Education and Inclusion (Wales) Bill.

Many Local Service Boards are already adopting new approaches to financial inclusion linked to the tackling poverty agenda. In Flintshire, Conwy, Denbighshire and Ceredigion, there are specific projects which tackle financial inclusion which have been informed by the needs assessments and priorities in the Single Integrated Plans in those areas.

I would also like to bring to the Committee's attention concerns in relation to the Regulatory Impact Assessment (RIA) completed for the Financial Education and Inclusion (Wales) Bill. In considering costs on Local Authorities we need to take account the differing characteristics in terms of demographic, social, economic and physical characteristics, for example, population size and profile, levels of deprivation and rurality. Basing the costs in the RIA on an anonymous Authority does not accurately reflect this.

As the Bill also proposes a new statutory requirement to produce a strategy, consult and report, I would argue that this constitutes a new burden on Authorities and should therefore be fully funded. I am also unclear on how the provisions are stated as 'cost neutral' and further detail is required to explain the savings to cover the administrative costs.

I am concerned that the impact on Authorities' reviews of services in light of financial challenges has not been fully considered in the assessment.

I hope the above comments are helpful to the Committee in their considerations.

*Best wishes,*



**Leighton Andrews AC / AM**  
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