



Cynulliad Cenedlaethol Cymru **The National Assembly for Wales**

Y Pwyllgor Plant, Pobl Ifanc ac Addysg **The Children, Young People and Education** **Committee**

Dydd Iau, 25 Medi 2014
Thursday, 25 September 2014

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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynnddi yn y pwyllgor. Yn ogystal,
cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, a transcription of the simultaneous interpretation is included.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Keith Davies	Llafur Labour
Paul Davies	Ceidwadwyr Cymreig Welsh Conservatives
Suzy Davies	Ceidwadwyr Cymreig Welsh Conservatives
John Griffiths	Llafur Labour
Ann Jones	Llafur (Cadeirydd y Pwyllgor) Labour (Chair of the Committee)
Lynne Neagle	Llafur Labour
David Rees	Llafur Labour
Aled Roberts	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Simon Thomas	Plaid Cymru The Party of Wales

Eraill yn bresennol
Others in attendance

Matt Bland	Rheolwr Polisi, Cymdeithas Undebau Credyd Prydain Cyfyngedig Policy Manager, Association of British Credit Unions Limited
Stephen Grey	Rheolwr Ymchwiliadau, Uned Benthycu Arian Anghyfreithlon Cymru Investigations Manager, Wales Illegal Money Lending Unit
Dr Chris Howard	Cyfarwyddwr Dros Dro Cymdeithas Genedlaethol y Prifathrawon yng Nghymru Acting Director, National Association of Head Teachers Cymru
Robin Hughes	Ysgrifennydd Cymdeithas Arweinwyr Ysgolion a Cholegau Cymru Secretary of the Association of School and College Leaders Cymru
Delyth Shearing	Rheolwr Undeb Credyd Merthyr Tudful, Cymdeithas Undebau Credyd Prydain Cyfyngedig Manager of Merthyr Tydfil Credit Union, Association of British Credit Unions Limited

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Sarah Bartlett	Dirprwy Glerc Deputy Clerk
Steve Davies	Cynghorydd Cyfreithiol Legal Adviser
Marc Wyn Jones	Clerc Clerk

Jonathan Baxter
Sian Hughes

Gwasanaeth Ymchwil
Research Service
Y Gwasanaeth Ymchwil
Research Service

*Dechreuodd y cyfarfod am 09:31.
The meeting began at 09:31.*

Cyflwyniad, Ymddiheuriadau a Dirprwyon Introductions, Apologies and Substitutions

[1] **Ann Jones:** Good morning, everyone, and welcome to the Children, Young People and Education Committee. I will just mention the usual housekeeping rules before we start. If you have your mobile phone with you, could you switch it off, please? We used to say that if it went off, it affected the translation and broadcasting equipment; we know now that it does not, but I will probably ask you for a £10 donation to the charity jar, because I do think that it is disruptive. We operate bilingually in English and Welsh, and translation from Welsh to English is on channel 1 on the headphones, and channel 0 is for floor language amplification, should you need it. We are not expecting the fire alarm to operate, so if it does, we will make our way to the assembly point. If we are able to leave via the door that I am indicating, the meeting point is by the Pierhead building. If not, the ushers will direct us to the safest route out. We have had no apologies for today, so we will move on to our first session and continue our scrutiny of the private Member's Bill introduced by Bethan Jenkins.

09:32

Y Bil Addysg a Chynhwysiant Ariannol (Cymru)—Sesiwn Dystiolaeth 4 Financial Education and Inclusion (Wales) Bill—Evidence Session 4

[2] **Ann Jones:** We are delighted to have with us for our first session representatives from the National Association of Head Teachers and the Association of School and College Leaders. As it is legislation, could I ask you to introduce yourselves for the record, please? Then, if it is alright with you, we will go straight into some questions.

[3] **Dr Howard:** Thank you, Chair. My name is Chris Howard. I am acting director of the National Association of Head Teachers, which represents members in primary, secondary and special schools throughout Wales.

[4] **Mr Hughes:** Robin Hughes ydw i, **Mr Hughes:** I am Robin Hughes, secretary ysgrifennydd ASCL. for ASCL.

[5] I am secretary for ASCL—the Association of School and College Leaders. We represent, in 90% of secondary schools in Wales, the senior school leaders.

[6] **Ann Jones:** Okay; thank you very much. We have some time for this session, but we usually spend an awful lot of time on the first couple of questions, so we will try to see if we can get through them all. Simon, you have the first set of questions on the need for legislation.

[7] **Simon Thomas:** Diolch, Gadeirydd. Mae'r Bil wedi cael ei hyrwyddo ar sail y ffaith nad yw addysg gyllido ariannol yn cael ei darparu'n ddigonol ar draws y cwricwlwm ym mhob ysgol yng Nghymru ar hyn o bryd. Mae eich dystiolaeth chi'n awgrymu nad yw **Simon Thomas:** Thank you, Chair. This Bill has been promoted on the basis of the fact that financial education is not provided adequately across the curriculum in every school in Wales at present. Your evidence suggests that that is not necessarily true.

hynny, o reidrwydd, yn wir. Fodd bynnag, beth yw eich barn chi am yr angen am ddeddfu yn y maes hwn yn benodol?

[8] **Mr Hughes:** Fe af i'n gyntaf, os caf, ac fe wnaif ateb yn Gymraeg pan gaiff y cwestiwn ei ofyn yn Gymraeg.

[9] Yn sicr, fel y gwelwn o'r dystiolaeth sydd wedi dod gerbron gan Estyn a'i wahanol adroddiadau, nid am y tro cyntaf, yr hyn y mae Estyn yn ei ddweud yw bod arfer da ond dim digon ohono. Dyna'r peth cyntaf i ddweud. Felly, mae angen gwella ar hynny trwy ledur arfer da, ond, sut mae gwneud hynny? Y broblem efo deddfu yw ei fod yn creu gofyn ac mae'n rhaid ffeindio gofod er mwyn i ni ymateb i'r gofyn. Mae'r gofod yn brin. Fel rydym yn gwybod, mae adolygiad enfawr a chynhwysfawr o'r cwricwlwm ac nid ydym yn gwybod, ar y funud, beth yn union fydd y canfyddiadau. Felly, yn rhannol, mater o amseriad, rwy'n meddwl, sy'n ein poeni.

[10] Mae rhoi'r pwyslais ar ddeddfu ar yr adeg hon yn cyfyngu'r sgwrs yn hytrach na chyfrannu at y sgwrs. Yn y bôn, dyna fyddai ein gofid ni o ran mynd ati i ddeddfu yn y maes hwn.

[11] **Simon Thomas:** A oes gennych ryw beth i'w ychwanegu, Dr Howard?

[12] **Dr Howard:** I will reply in English, if I may, Simon. Thank you. I think that our position is this: that this is worthy and estimable legislation. It is right that the Assembly pays attention to, and considers, how the Government should respond to what is a need in educating our young people in and beyond school by the time they are 18, or perhaps even 25. All of the survey work that Bethan has marshalled in support of her Bill indicates that there is a need. What we have to say strongly to you is this: you need to carefully consider whether that need should be met at this time by primary legislation, and whether the primary legislation that you are setting out is capable of being translated into meaningful action by schools at this time, given the fact that they are already on programme to fulfil some of the school-based aims of the Bill, and the fact that they are in the middle of some of the bigger school changes in a very long time. This gives you an opportunity, as an Assembly and as a Government, to shape the world that our children will face in schools and beyond over the next decade or so. It is important that you get this right, but we have this particular concern at the moment: when I asked our members whether it was true that there was inconsistency across Wales, I found that the initial diagnosis is right; there is inconsistency. However, there will be inconsistency over just about everything else that the Government tries to do in schools. That is the problem with the system. There is inconsistency. So, inconsistency in itself does not demand primary legislation.

[13] Secondly, our president who runs a very good school in Swansea said to me, 'Aren't we doing this already?', because there is, inside the literacy and numeracy framework, a

What is your opinion, therefore, about the need for legislation in this field, specifically?

Mr Hughes: I will go first, if I may, and I will answer questions in Welsh when they are posed in Welsh.

Certainly, as we have seen in the evidence that we have received from Estyn and its various reports, Estyn is saying, not for the first time, that good practice exists, but there is not enough of it. That is the first thing to say. Therefore, there is a need improve that by disseminating the good practice, but how do you do that? The problem with legislation is that it creates a demand and you have to find space in order to be able to meet that demand and space is very scarce. As we know, a comprehensive and huge review of our curriculum is under way and we do not know exactly what the outcomes of that will be. So, in part, it is a matter of timing, I think, is what concerns us.

Placing the emphasis on legislating at this point in time restricts the conversation rather than contributes to the conversation. Basically, that would be our concern with setting about legislating in this field.

Simon Thomas: Do you have anything to add, Dr Howard?

specific reference to this particular item being one of the skills that would be included in the new mathematical reasoning element. Schools are working to reconfigure their work in an integrated way, within numeracy, to address some of these cardinal elements, because any financial education programme has to have numeracy or mathematical ability at its core. We would not disagree with the feeling behind the Bill at all. Young people are not fully educated in using numbers to support the financial decisions that they have to make. Yes, we could do more to increase their ability to make value judgments about the different costs and the other elements involved in operating as financially secure adults.

[14] However, we are in progress of doing that, and it is an important part of the curriculum that currently takes up 50%—or thereabouts—of curriculum time. The Government spent several million pounds in rolling out this LNF initiative, and at the very moment when schools are beginning to adapt to it, along comes another potentially primary legislative demand, which brings me to this, really: our main contribution to Donaldson, I suppose, has been that the curriculum is over-stuffed already. You are asking schools to do too much in 23 hours for a child below 14, and 25 hours for a child above 14. There is too much in there. Our Government needs to step back, and we have asked Donaldson to step back and look at a different way of doing things, rather than saying, ‘You have to do this; you have to do that; and you have to do the other’, and then say that every child between five and 16 has to do it. We think that there are different ways of constructing a curriculum, different ways of gearing your curriculum, and we would urge you to wait for Donaldson before you start prescribing any part of it.

[15] It is like this, really: if Keith was telling me 20 years ago at Lewis Boys School that I had to do things in the curriculum—and he was, as a Mid Glamorgan lead official at that time—he was probably telling me, if I remember correctly, that I had to do technology, because there was a perceived need to do technology better and do it better for girls, and in a more rounded fashion. So, we did; but if we concentrated on technology, something else would fall off the end. It is like birds on a telegraph pole, another curriculum initiative comes in, and something else falls off the end. Headteachers see it exactly that way, so you need to be very careful about the bird-on-the-wire syndrome.

[16] **Simon Thomas:** Rwy'n meddwl eich bod wedi ateb pob cwestiwn arall roeddwn yn mynd i'w ofyn. [*Chwerthin.*] Felly, fe'i gadawaf yn y fan honno, gan wneud yn siŵr nad oes gan Robin Hughes unrhyw beth i'w ychwanegu. Rydych wedi ateb y cwestiynau ynglŷn â'r cwricwlwm, y pwysau sydd yn y fan honno, y ffaith bod hwn eisoes yn yr LNF, yr amseru gyda Donaldson ac ati. Yr unig beth, efallai, sydd ar ôl yw'r ffaith bod y Bil wedi'i strwythuro mewn ffordd lle mae'n gosod y gofynion ond gyda'r manylion yn dilyn wedyn mewn canllawiau gan y Llywodraeth. Hynny yw, nid yw'r Bil ei hun yn dweud sut y dylid dysgu hwn yn y cwricwlwm; mae'n gosod yr angen. A yw'n wir i ddweud, felly, fod y Bil yn anghymwys gyda'r datblygiadau roedd Chris Howard wedi eu hamlinellu? Hynny yw, y ddadl yn y dystiolaeth gan yr Aelod sydd yn gyfrifol, Bethan Jenkins, yw bod modd addasu'r Bil yn unol â'r datblygiadau hyn.

Simon Thomas: I think that you have answered every other question that I was going to ask. [*Laughter.*] So, I will leave it there, but just ensure that Robin Hughes does not have anything to add. You have answered the questions about the curriculum, the pressures there, the fact that this is already in the LNF, the timing with Donaldson and so forth. The only thing, perhaps, that is left is the fact that this Bill is structured in a way that it sets the requirements, but that the details follow in guidance from the Government. That is, the Bill itself does not say how you should teach this in the curriculum; it sets out the requirement. So, is it true to say that the Bill does not align with the developments that Chris Howard outlined? The evidence from the Member in charge, Bethan Jenkins, was that you could adapt the Bill in accordance with these developments.

[17] **Mr Hughes:** Byddwn yn ychwanegu dau beth, efallai. Ynglŷn â'r fframwaith rhifedd a llythrennedd, rydym yn gwybod yn barod, ym mis Medi 2015, y bydd gennym ddau gwrs TGAU newydd sbon mewn mathemateg. Nid ydym wedi gweld manylion y rhain—rwy'n meddwl mai o fewn y pythefnos neu dair wythnos nesaf y cawn ni weld y manylion—ond yr hyn rydym wedi'i weld yw'r egwyddorion sydd wedi bod yn llywio'r datblygiad. Yn od iawn, mewn wyth tudalen digon llipa o egwyddorion, yr hyn rydym yn ei weld yw eu bod yn bwriadu adeiladu ar yr LNF, ac mae'n hollol glir ac yn blwmp ac yn blaen bod mathemateg ar gyfer symud ymlaen yn eich bywyd a'r byd gwaith yno. Mae'n cyfeirio at reolaeth arian yn glir iawn. Felly, byddwn yn gweld rhywbeth cyn bo hir a fydd yn dyngedfennol o ran darpariaeth i blant 14 i 16 oed. Rwy'n dod yn ôl at ofyn y cwestiwn yn ôl: a oes angen deddfu yn awr pan fo datblygiadau ar y gweill, a mater o ychydig wythnosau sydd i weld beth yn union beth ydynt?

Mr Hughes: I would add two things, perhaps. As regards the literacy and numeracy framework, we already know that, in September 2015, we will have two brand-new GCSEs in mathematics. We have not seen the detail yet—I think that, within the next fortnight to three weeks, we will have sight of the details—but what we have seen are the principles underpinning that development. Very oddly, in eight quite sparse pages of principles, what we have seen is that they intend to build on the LNF, and it is very clear and plain that mathematics to progress in life and the world of work is contained there. It refers to financial management very clearly. Therefore, before long, we are going to see something that is going to be crucial to the provision for pupils aged 14 to 16. I come back to turning that question around: is there a need for legislation now, given that there are developments in the pipeline, and that it is a matter of a few weeks before we see exactly what they are?

[18] **Ann Jones:** I think that Suzy and Paul have points to make.

[19] **Suzy Davies:** Yes, it was on the point of timing. We are all aware of Donaldson—I take Robin's point as well about the possible content of the new GCSEs. However, I want to take you back to your metaphor of the birds on the telegraph wire, because what is happening at the moment is that school leaders are choosing that the bird that falls off the wire could be the kinds of things that are being included in this Bill. My understanding is that this Bill is for making sure that there is a bird on that wire, even with the new GCSEs, there is still potential for those in the future to have less emphasis on what you were talking about earlier. So it is about testing this need.

[20] **Dr Howard:** I understand the concern, and there has been some talk about locking this into the curriculum so that it cannot disappear in Donaldson. I think that the point that our members would make to you about that is—. I said that this was estimable and it serves a need, but there are other areas of the curriculum where there are clearly gaps. The whole history of curriculum construction in the UK in the last 20 years, since we have had a national curriculum, has been that lobby groups emerge, press the case for a particular part of education to be inserted into the national curriculum, and then that becomes the fashion for a period of time. After a period of time, some other lobby group manages to win the debate for some time and the situation moves on. Arguably, that is why we lost sight of the centrality of literacy and numeracy, but, arguably, also, if you are minded to give priority to this particular area at the moment, I am sure that there will be others who will come to you in and around Donaldson, who will say, 'What about foreign languages? What about technology? What about strengthening the scientific element within technology? What about ensuring, as the Welsh Rugby Union has said, that rugby is available to every child in school at some part of the day? Where does school sport go?' At the end of the day, headteachers have to manage all of this and it is a balancing act.

09:45

[21] I think that there are solutions to it. Simon is quite right that there is room for manoeuvre within the Bill and on where the Government may be going with Donaldson, and I think that that is welcome. However, what we are saying is, ‘Don’t bolt it down too strongly at this point in time’. If you are building on the LNF, that is perfectly acceptable. However, saying that something has to be— I have two reservations. May I mention section 5 and section 6 now? I think that in those sections there are specific requirements for a Government to do this. That is something being bolted down and, if it is a specific requirement, it is going to squeeze some other element of the curriculum. There cannot be any doubts about that. Section 6 asks for an annual report by Welsh Government. I am sure that our members will say that, ultimately, that will be us filling in a form and it will be extra bureaucracy for schools. There are other ways of doing that, you know. We have argued that Estyn might inspect the post-Donaldson curriculum. That is a way of doing it. We are conceding the point, but we are asking for a marriage of both the Government’s and Bethan’s view of where this Bill may go in terms of making it manageable for schools.

[22] **Paul Davies:** I am clear of course that you are against this legislation. I think that I am clear that you also feel that this proposed legislation would be a burden on the curriculum. I am also clear, of course, that you recognise that there have to be improvements in this area. However, what I am not clear on is how you want to see improvements in actually delivering financial education. If you do not agree with this proposed legislation, what is your solution?

[23] **Dr Howard:** I can only answer that by giving you what, globally, I think, we have said to the Donaldson review. I am happy to do that now, if you are happy to listen—

[24] **Ann Jones:** Briefly, because we are not scrutinising Donaldson. So, do it briefly in the context of this.

[25] **Dr Howard:** This is about curriculum design, I think, in general. So, what we have said is this: there is too much to put into a curriculum; what we think you need to get a handle on is what young people need to have when they are leaving various stages of education. You might describe that as an entitlement curriculum. So, in this area, we would look at what you might expect a 16-year-old to be entitled to have been taught by the time they are 16—or 14 if you want to keep it to the first three key stages. You describe that outcome and create a framework around that that would be deliverable by schools. Outside that, you would not prescribe what schools have to do. Schools would have to meet the outcome statement. They would work with their partners locally or regionally or with interested groups, such as the people you are hearing from this morning, to construct curricula that are right for them. The curriculum in one area of Wales would be different to the curriculum in another and from one school to another. That is the kind of overall framework we think will serve Wales well going forward rather than the historical and, if you want, Anglo-centric way of doing it, which is to say, ‘You must do this. You must do that.’

[26] **Mr Hughes:** May I offer an observation?

[27] **Ann Jones:** Yes, certainly.

[28] **Mr Hughes:** Thank you, Chair. There are just two things. First, Bethan and her team have done a fantastic job in the explanatory memorandum. It describes a number of areas of deep research into the issue and one of them, of course, is the Organisation for Economic Co-operation and Development. The interesting thing is that, when they advocate putting financial literacy or financial education into the curriculum, they also add eight caveats. Basically, the eight boil down to the fact that just putting it there as a statutory obligation is not enough. As I think Chris said earlier, making something statutory does not mean that it will be done well. It has to be stable over time, it has to be invested in and the pedagogy and capacity-building among our teachers have to be there too. It creates a need that would be

reported on, but the big questions are: ‘To what purpose is that activity in the classroom directed?’, ‘What is the assessment?’ and ‘What support is there for the teachers to get hold of good practice that Estyn has already identified and spread it around?’ Clearly, telling people that they have to do something is one thing; helping them to do it well is a totally different thing.

[29] **Ann Jones:** I can see another question coming.

[30] **Paul Davies:** Just to clarify that, you believe that frameworks are already in place in order to carry out these improvements.

[31] **Mr Hughes:** From a secondary point of view, of course, if you put something in a core subject area, as we were talking earlier about GCSE, and you make it a part of the overall accountability framework of a school in the secondary sector, it gets done, and we are expecting it to be there—14 to 16 maths GCSE; we are expecting it to be there. It is a different question to ask about, as I am sure Chris will possibly go on to describe, having it as a specific classroom exercise ticked off just in case it turns up on the question paper at the end of the year. That is a different thing from the kind of impact that I think Bethan quite rightly is describing, which is a more all-age, cross-curricular push. These are two different things, but the maths GCSE that we are expecting will certainly provide one hook. That is what we are expecting.

[32] **Dr Howard:** I think that at 14 to 16 this would be a very important and integral element to the revised Welsh baccalaureate. Again, in the Welsh baccalaureate, you would be saying that this is what we expect youngsters to have achieved by the end of the 14 to 18 spectrum in its totality. However, if you go back to the earlier concern, the core in secondary schools is occupying something like 50% of the week; you are adding to it, so, arguably, it might occupy a bit more, and, in that remaining part of the week, you have to get your broad curriculum that encourages attendance, engagement and allows children all those choices that will allow them access to the highest of highest education. So, curriculum construction at secondary school becomes more difficult the bigger the core gets and I think that is where the nervousness comes.

[33] **Ann Jones:** Okay. Is everybody happy? Keith, you have a question on timing.

[34] **Keith Davies:** Fe wnaif i ofyn fy nghwestiwn yn Gymraeg hefyd. Mae'r cwestiwn i Robin, ar PISA a llythrennedd ariannol, a beth mae'n ei ddweud, sy'n bwysig. Gallaf fynd yn ôl i amser pan oeddem yn gwneud lefel O, a mathemateg roeddwn yn ei ddysgu. Yr unig beth oedd yng nghanol hwnnw oedd *stocks and shares*. Fel bachgen o Waun-Cae-Gurwen, nid oedd llawer o ddiddordeb gen i mewn *stocks and shares* achos nid oedd arian i'w prynu nhw. Fodd bynnag, wedyn, ar yr un pryd, os oedd rhywun eisiau mynd i ddysgu, ac yn gweld mathemateg yn eithaf anodd, roedd '*arith* arbennig' i'w gael—'*special arith*' yr oedden nhw yn ei alw. Rydym yn mynd yn ôl nawr efallai 30 mlynedd. Y cwestiwn sydd gen i yw: beth yw'r ffordd orau? Rwy'n credu bod pawb yn credu y dylem fod yn gwneud mwy gyda'n pobl ifanc. Rwy'n watsiad gêm o bêl

Keith Davies: I will ask my question in Welsh as well. The question is to Robin on PISA and financial literacy, and what it says, which is important. I can go back to a time when we were doing O-level, and mathematics was what I taught. The only thing at the centre of that was stocks and shares. As a boy from Gwaun-Cae-Gurwen, I did not have much interest in stocks and shares because there was no money to buy them. However, at the same time, if somebody wanted to go into teaching and saw mathematics as being quite difficult, there was '*special arith*', as it was called. We are going back now maybe 30 years. The question that I have is: what is the best way of doing this? I think that everybody believes that we should be doing more with our young people. I watch a game of football and at half time somebody asks, 'Who is going to score

droed ac yn ystod yr hanner amser, mae rhywun yn gofyn, ‘Pwy sy’n mynd i sgorio gyntaf yn yr ail hanner? Rhowch £5 i ni ac fe gewch chi rywbeth’, ond nid ydynt yn gwybod beth yw effaith hynny. Mae’n rhaid i ni rhoi fwy o gefnogaeth i’n pobl ifanc. Sut ydym yn gwneud hynny? Gyda PISA, mae gwledydd dros y byd naill ai yn ei wneud e ar draws y cwricwlwm, neu fel pwnc ar ben ei hunan. Felly, y cwestiwn cyntaf sydd gen i yw: sut ydych chi yn credu y dylem ni ei wneud e—fel pwnc ar wahân neu fel rhywbeth ar draws y cwricwlwm?

[35] **Mr Hughes:** Yn amlwg, os yw e ar draws y cwricwlwm, mae mwy o gyfleon i ategu’r dysgu y mae rhywun yn gobeithio bydd yn digwydd. Dyna yw’r peth cyntaf i’w ddweud. Mae mwy o gyfleon a mwy o amser yn cael ei dreulio arno; mae hwnnw’n cynnig ei hun fel y ffordd mwyaf addawol i’w wneud. Fodd bynnag, wedyn mae problem gyda chi; mae’n rhaid i bob athro godi ei gêm. Mae’r gofyn felly ar y fframwaith sy’n cefnogi’n hathrawon ni yn un hegr iawn. Rwy’n dod yn ôl i un o’r wyth pwyntiau a wnaed gan yr OECD, lle mae’n dweud nad yw’n ddigon i fynnu bod y dysgu hyn yn digwydd neu bod y pwnc hwn yn bodoli; mae’n rhaid ei gefnogi ac mae’n rhaid i’r athrawon gael y gefnogaeth. Mae hefyd yn golygu fod yn rhaid i bethau aros yn llonydd am ddigon hir fel bod yr ymwybyddiaeth honno a’r grefft o ddysgu yn y maes hwnnw’n lledu. Yn erbyn y ddadl honno yw’r ddadl blaen y bu i mi wneud yn gynharach, sef, os ydym yn gweld ei fod yn bwnc sydd yn hanfodol er mwyn dysgu’r fathemateg newydd, yna bydd yn cael ei ddysgu, ond a yw’n mynd i gael ei ddysgu i’r safon y byddem yn ei dymuno? Nid heb gefnogaeth.

[36] **Keith Davies:** Rwy’n credu ein bod yn ôl at y busnes o amseru, achos nad ydym yn gwybod beth fydd Donaldson yn ei ddweud. A yw Donaldson yn mynd i gynnwys hyn yn y cwricwlwm newydd? Dyna un cwestiwn. Ar y fframwaith ar gyfer rhifedd, faint o’r pwnc hwn a fydd yn y fframwaith rhifedd? Mae’r cwestiwn pwysicaf i mi, wrth gwrs, yn ymwneud â’r TGAU newydd—a allwn ni sicrhau ei fod yn y TGAU newydd? Nid ydym yn gwybod a fydd yn rhan ohono. Efallai mai’r cwestiwn i’w ofyn yw: a ydym yn symud yn rhy

first in the second half? Send us £5 and you can win something’, but they do not know what the impact of that is. We have to give more support to our young people. How do we do that? With PISA, countries all over the world either do it across the curriculum, or as a standalone subject. So, the first question I have is: how do you think that we should be doing this—as a standalone subject or as something across the curriculum?

Mr Hughes: Obviously, if it is cross-curricular, there will be more opportunities to reinforce the teaching that one would hope would take place. That is the first thing to say. There are more opportunities and more time spent on it; that offers itself as the most promising way of doing it. However, you then have a problem; every teacher would have to raise their game. The requirement therefore in the framework that supports our teachers is very robust. I come back to one of the eight points given by the OECD, where it says that it is not enough just to insist that this subject exists or is taught; we have to support it and the teachers must get that support. It also means that things have to stand still for long enough for the awareness and craft of teaching in that field to be disseminated. Against that argument is the plain argument that I put forward earlier, namely, if we see that it is a subject that is essential to teaching the new mathematics, then it will be taught, but is it going to be taught to the level that we would wish? Not without support.

Keith Davies: I think that we are back to this issue of timing, because we do not know what Donaldson will say. Is Donaldson going to include this in the new curriculum? That is one question. On the framework for numeracy, how much of this subject will be in the numeracy framework? The most important question for me, of course, relates to the new GCSE—can we ensure that it is in the new GCSE? We do not know whether it will be part of it. Perhaps the question to ask is: are we moving too quickly? To tell you the truth, Chair, this is a scrutiny committee.

gyflym? I ddweud y gwir i chi, Gadeirydd, mae hwn yn bwyllgor craffu. Nid ydym yn dweud, o ran y cynllun hwn ger ein bron, a'r fframwaith a fydd, efallai, yn ei gyflwyno, ein bod yn cytuno ag ef. Dyna pam yr ydym yn gofyn y cwestiynau, ac i mi, mae'r amseru'n holl bwysig. Rwyf eisiau gweld beth a ddaw o Donaldson ac o'r fframwaith ac o'r TGAU. Wedyn, efallai, ni fydd angen i ni ddeddfu.

We are not saying, in terms of this scheme before us and the framework that might bring it in, that we agree with it. That is why we are asking the questions, and, to me, the timing is vital. We want to see what will come out from Donaldson and from the framework and from the GCSE. Then, perhaps, we may not need to legislate.

[37] **Mr Hughes:** Os caf fi ychwanegu un peth cyn i Chris siarad, Gadeirydd, mae hefyd yn ategu un o'r pwyntiau rwy'n meddwl y mae'r ddau ohonom wedi'i wneud, sef eu bod dal yn ddyddiau cynnar ar gyfer y fframwaith llythrennedd a rhifedd. Nid ydym yn gwybod yn iawn beth fydd ei effaith. Byddai rhywun yn gobeithio—gan fod rheoli arian a'r math o sgiliau mathemategol yr ydym yn eu disgrifio yn y fan hon wrth wraidd hyn—y bydd y fframwaith hwn yn hybu hynny. Os nad ydym yn disgwyl hynny i ddigwydd, yna pam yr ydym yn gwario cymaint o'n hamser ar y fframwaith?

Mr Hughes: If I could just add one thing before Chris comes in, Chair, it also reinforces one of the points that I think both of us have made, namely that it is still early days for the literacy and numeracy framework. We do not know exactly what its impact will be. One would hope—given that managing money and the kind of mathematical skills that we are describing here lie at the root of this—that this framework will promote that. If we do not expect that to happen, then why are we spending so much of our time on the framework?

[38] **Dr Howard:** The original question was about whether we did it as a single subject or across the curriculum, was it not? You related it to gambling odds. There are not many people at football matches who do not know what they are going to get back when they put their money down, although they may have difficulty over a five-match accumulator or something like that. One of the things about this area, actually, is that there is an awful lot of untapped mathematical knowledge at the level of easy operations in the private lives of citizens that do not appear in these kinds of surveys. People have got a bit more nous than sometimes we give them credit for, and they have probably learned that outside schools, I have to say.

[39] However, on the original question, 'Single area or not?', currently, what we have got in the curriculum, and it may not be enough for you as an Assembly, is inside the mathematics curriculum and, arguably, in primary schools that is where it should lie if it is to have the centrality and legislative backing. Given that the framework says that the new numeracy curriculum has to be integrated across the whole of the curriculum, I think that there is enough there at the moment to do that.

[40] Secondary schools are notorious, are they not, because, as soon as you stick it in a box, the child stops making the connections between subjects? So, in secondary schools, it arguably would be better put in PSE or better still inside PSE key stage 3 and inside the baccalaureate going forward. However, again, they will deliver that, hopefully, across as many subjects as they can, but it will be bolted down by the reference in the numeracy framework to what is there. As far as the mathematical reasoning is concerned, from our point of view, that is enough at the moment. What I think is important in this Bill is that you have drawn attention to some areas of making value judgments in and around money and between various ways of distributing personal finance and storing personal finance, and it is the making of value judgments that is also an important area in an emerging adult's life.

[41] **Ann Jones:** Thank you. I think that we have covered that quite well. Aled, you are next, on key stage 2.

[42] **Aled Roberts:** Diolch. Rwy'n siŵr y byddai'r Cadeirydd a finnau'n mynnu bod pêl-droed llawer iawn yn bwysicach na rygbi, ond dyna fe. [*Chwerthin.*] Rydym wedi gwrandio yn astud ar yr hyn yr ydych yn ei ddweud. Rydym yn deall yn iawn eich safbwyntiau chi, ond rydym wedi gwrthod eich dadleuon chi ac rydym wedi penderfynu ein bod yn bwrw ymlaen ac yn deddfu. Cwestiwn arall sy'n codi ydy bod y ddeddfwriaeth hon yn credu mai cyfnod allweddol 2 ydy'r adeg gywir i ddechrau ar y broses hon. A ydych chi'n cytuno â hynny?

Aled Roberts: Thank you. I am sure that the Chair and I would insist that football is much more important than rugby, but there we are. [*Laughter.*] We have listened intently to what you have said. We understand what your position is, but we have rejected your arguments and we have decided to press ahead and legislate. Another question that arises is that this legislation believes that key stage 2 is the correct stage to start on this process. Do you agree with that?

10:00

[43] **Dr Howard:** It is not about whether I agree with it, but whether the people I represent will agree with it, and I am telling you that, at this moment in time, if you do that, there will be a long and agonised moan. The moan will go something like this: 'We are already doing this, and we are configuring our schools and going through a large training programme to put this at the core of what we do. Then, in advance of a major curriculum review, along comes another Government single-centred initiative that we have to take care of. Where is the global strategic planning in that? Where is the joined-up thinking, and why was this not done either sooner, in the regard that it has been done at the moment, or why are we not waiting so that we can put it all together in the comprehensive review that comes later?' That is very definitely the view that I think our members will take at this point in time, unless you can root it wholly and certainly in the numeracy curriculum, because that is at the core of what the Government is currently asking them to do. It is what they are measured by, what they are inspected by, and what the centrality of their focus has to be over the immediate future.

[44] **Mr Hughes:** Yr unig sylw y byddwn i'n ei ychwanegu yw fy mod yn dod yn ôl at fy mhwynt blaenorol ynghylch TGAU. Yr hyn y maent wedi ei addo yw y bydd y TGAU newydd yn dilyn yn synhwyrol o'r cyfnodau allweddol blaenorol yng nghydestun y fframwaith. Dyna maen nhw wedi ei addo. Cawn weld beth a gawn, ond dyna maen nhw wedi ei addo. Felly, yr unig beth y byddwn i'n ei wneud ydy troi at Chris a'i aelodau a gofyn, 'Ydy hyn yn wir? Beth mae'r ysgolion uwchradd yn debygol o dderbyn? A oes cysondeb? Ar ba sail y byddwn ni'n adeiladu?'

Mr Hughes: The only comment that I would add to that is that I come back my previous point regarding GCSE. They have promised that the new GCSE will follow on sensibly from the previous key stages in the context of the framework. That is what they have promised. We will see what we get, but that is the promise. So, the only thing I would do is turn to Chris and his members and ask, 'Is that true? What are the secondary schools likely to accept? Is there continuity and consistency? On what basis will we be building?'

[45] **Aled Roberts:** Felly, mae pwynt ynghylch y ffaith na fydd yr adrannau yn y ddeddfwriaeth ar hyn o bryd sydd yn sôn am ddechrau yng nghyfnod allweddol 2 yn cydfynd â'r fframwaith.

Aled Roberts: So, there is a point that the sections in the legislation so far that talk about starting in key stage 2 are not aligned with the framework.

[46] **Dr Howard:** Well, the framework applies to all children aged between five and 16, and there will be some elements that will contribute to financial education that will appear in key stage 1 teaching and within the foundation phase at a very early level of understanding of

needs and wants or what money is, and that progresses through time. There will be more of it through key stage 2, but, again, I simply go back to this: if you want to improve a series of outcomes in this area at key stage 2, at the moment, inside the literacy and numeracy framework, you have some big building blocks, which, if used properly, could be used to do it. So, the primary legislation, or the framework, is already there. As you have rightly said, it is the way that schools consistently put that together in order to form a coherent package and get better outcomes across more schools that is the key. That is the system-wide problem, but the Government is putting consortia and school-to-school working and lots of other initiatives that are now beginning to take off to do this. So, I go back to my main point. It would be better to create an expectation among regional consortia, local authorities and schools that they have to deliver more in this area than to prescribe at a particular level that more has to be done, because, if that is the case, you will fall into bird on the wire syndrome, I think.

[47] **Ann Jones:** We now move on to teacher training, and questions from David.

[48] **David Rees:** Thank you, Chair. We have already mentioned this morning the support available to the staff. It is important to ensure that that support is there in the current situation, let alone that with this Bill. So, are we in a situation where there is sufficient expertise and support available from the consortia and schools to look at the teacher training aspects of this? Also, as you represent headteachers, who are managing people, CPD and delivery and who are looking at employing individuals with skills who are coming from colleges, can you say whether there is sufficient support on the ITT side of things as well to develop those skills—*[Interruption.]* That will be £10 for the ringing telephone. *[Laughter.]* Is there sufficient support in the ITT curriculum to develop those skills in new graduates? That is, the people coming out who are going to have QTS, basically. So, where are we with that type of expertise?

[49] **Mr Hughes:** If I could go first on that, Chris, because there are a couple of observations that we would make. As we know, should this Bill proceed, one of the sources of our evidence of where we are as we begin is what Estyn has delivered to us in its thematic reports. We know that there is some good practice out there. Where we would go after that would be to work with the consortia to make sure that we know where it is. We then have to work out a way to spread it through the system among our teachers who are currently practising. You then went on to new entrants into teaching, and that is a different set of stakeholders and a different set of conversations to be had. One would say that that is a massive long-term investment of time and effort, but we are talking about a Member-proposed Bill imposing a specific requirement for something on the curriculum at this time.

[50] The kind of development that I have just described takes time to come through. Will this be a flavour of the month? Will it have passed? Will there be something else that is competing? Will this be the bird, as Chris was saying earlier, that has now fallen off the wire? Will it all be a lot of money and effort gone to waste or will people— A good number of our stakeholders and members say, ‘I’m going to wait a minute here, because I think their interest will go elsewhere. I’m going to wait to see how long-term this commitment is and how long I will be expected to give time in my very fixed, very limited timetable to this’. People wait when the initiative is a political one. They wait to see how consensual it is, whether it is a game for the long term and what the pressures are upon them to deliver some activity on it. The investment in pedagogy and in our teachers takes time to come through. This is one of the reasons why micromanagement by the Government of curriculum and subjects usually fails to deliver the impact intended. The impact takes time and the political interest and will do not usually correspond.

[51] **David Rees:** You have an argument for and against. The argument for the Bill would be that it is not a political initiative, but more of a statutory obligation, so they will know that it is something that will be continuing. However, the argument against it is that the Bill would

place a statutory obligation very quickly and therefore create pressure in a short space of time to get that expertise in.

[52] **Dr Howard:** I think that that last point is our concern. It will create pressure and there will be a squeeze on the system to get the expertise in and then to deliver in the classroom.

[53] To go back to this, the Government has asked schools in Wales to undertake probably the biggest redirection of the curriculum, with the largest degree of upskilling of its workforce, certainly in my time—a long time now in senior management—since the 1990s. This is a big task. The Minister has referred to it as heavy lifting for the profession and it is. We are only in the first phases of that, so to add another thing at the moment, I think, would be premature.

[54] On whether teacher training in the consortia and the in-service training function are properly geared up to this, they are probably not at the moment. Therefore, there is room for them to look at how they do this and there is room for them to work with interested parties that can contribute at this level, to have a regional view of how it might be done in a particular area, make it regionally specific and then encourage and advise and inspect schools locally, if you want, on how they deliver. That is what the accountability function of the consortia is for and if they fulfil their role properly, they will inspect and advise on how to reach the standard. Are they fulfilling that properly at the moment? We are waiting for that system to come to maturity.

[55] **Ann Jones:** Suzy, we have touched on reporting, but is there anything that you would like to add?

[56] **Suzy Davies:** My question is not on reporting, but about what you have both just said in this part of your evidence about whether this is a flavour-of-the-month issue. We are talking about financial education and inclusion here, which, even though this is a Member-proposed Bill, is a part of a much bigger poverty-busting agenda, effectively. It is not the same as asking whether we should teach Chinese or whether we can work out version 2.0 of some computer programme. It is very different and I do not think that this one is going away. I was very concerned to hear your evidence, Robin, that teachers or leaders would sit back and wait to see whether it all goes away. You are almost making the argument for primary legislation.

[57] **Mr Hughes:** May I try to explain myself? In looking at the issue here, I go back to our earlier contributions about the fact that there is a crowded curriculum and a fixed timetable. What is it that we have to take off the table to create space, the proper space, to achieve what is intended here? What is intended here—and I think that our evidence corroborates this—is perfectly worthwhile and laudable. It is a social good, and it would be a good thing if all of our young people were to exit statutory education, broadly speaking, with a much stronger grasp of the financial temptations or challenges ahead. That would be a good thing. How do we do it? Putting an imposition to do things in a certain way and to teach certain things at a certain time with a fixed timetable means that something has to give.

[58] **Suzy Davies:** You are talking about the content of the Bill rather than the principle of primary legislation, but thank you.

[59] **Lynne Neagle:** The Bill places new duties on local authorities to ensure that looked-after children receive financial education. Do you believe that this is a worthwhile part of the Bill?

[60] **Dr Howard:** I do. I indicated earlier on that I thought that the local government

obligations—though it may argue differently—were a very important element, and we would have no problem with some of the thinking behind that one, or indeed the way in which it is rolled out. Looked-after children are a particularly vulnerable group, and it does contribute to the anti-poverty agenda; I agree with that as well. It might be nice, though, if we could have a series of significant actions that schools could contribute to the anti-poverty agenda. The fact that it might be incorporated in that particularly would be something that schools will be much more able to latch on to. So, that concept is good. I do not think that that in itself argues that it should be done through primary legislation at this point. However, you are certainly contributing to the ability of young people to be fully functioning adults. My only reservation about that is that there are plenty of adults who have been to university and are in their late 20s who could have done with some better financial literacy lessons at an earlier point in time—and I am still subsidising a couple of them.

[61] **Lynne Neagle:** Do you have anything to add?

[62] **Mr Hughes:** I do not have anything to add. I agree completely with what Chris has said.

[63] **Lynne Neagle:** In your experience, have you noticed any deficiencies in the existing provision for looked-after children? Have you noticed any particular problems where this Bill would be seeking to plug the gap?

[64] **Dr Howard:** For looked-after children, especially in secondary school, where it does become more critical, it is true in my experience that they are looked after well until they are not looked after any longer, and then they have to make their own way. Therefore, it is necessary for schools to provide a wider spectrum of educational advice. Thus far, the kind of work that schools have been undertaking would have taken place through specific and individual advice to children, provided by schools and their partners in ancillary services, giving advice about how to cope beyond school and beyond the care system.

[65] As to whether we could do more on that, all of the evidence suggests that we can, but then all of the evidence also suggests that, once again, to use the Minister's phrase, these areas are very heavy lifting. So, that is an argument for being more precise about how we do it and fitting this fully into an overarching framework. Our contention is not that this is not necessary, but that the timing is not absolutely appropriate.

10:15

[66] **Keith Davies:** Mae gennyf un cwestiwn olaf. O edrych ar beth mae PISA a'r OECD yn eu gwneud, y rheswm maent yn edrych arno yw oherwydd bod gwledydd eraill dros y byd yn edrych ar addysg ariannol. Ydych chi'n credu ei fod yn bwnc pwysig y dylid edrych arno ym mhob ysgol yng Nghymru?

Keith Davies: I have one final question. In looking at what PISA and the OECD are doing, the reason they are looking at this is because other countries across the world are looking at financial education. Do you think that it is an important subject that should be looked at in every school in Wales?

[67] **Mr Hughes:** Yn sicr. I ategu rhywbeth a ddywedais yn gynharach yn dilyn cwestiwn gan Suzy, rwy'n meddwl bod y ddau ohonom wedi dod at ein gilydd fel dau sefydliad, ac rydym yn cytuno. Un o'r pethau mawr sydd wedi digwydd yn sgîl cyflwyno'r Bil hwn yw ein bod yn trafod y peth. Rydym yn trafod rhywbeth pwysig. Rydym wedi

Mr Hughes: Certainly. To repeat something that I said earlier following a question from Suzy, I think that both of our organisations have got together, and we agree. One of the major things to have happened following the introduction of this Bill is that we are holding discussions on an important topic. We are saying that we have expectations that this

dweud bod gennym ddisgwyliadau y bydd y pwnc hwn yn rhan o'r fframweithiau cwricwlwm ac asesu rydym yn rhagweld ac yn eu disgwyl. Rydym yn gobeithio y bydd gweithgaredd ym mhob ysgol a phob dosbarth gyda phob disgybl a fydd, gobeithio, yn hyrwyddo a datblygu'r sgiliau hynod bwysig hyn. Rwy'n gobeithio bod hynny wedi dod drosodd. O ran ein hymateb negyddol i'r ffordd y mae'r Bil hwn a rhai o'r agweddau ynddo wedi cael eu cyflwyno, rwy'n gobeithio'n fawr nad ydych yn teimlo ein bod yn dibrisio neu'n cyfyngu'r pwnc pwysig hwn. Rhaid imi ymddiheuro os rhoddais y camagraff hwnnw'n gynharach.

subject will be part of the curriculum and assessment frameworks that we anticipate and expect. We hope that there will be some form of financial education in every school with every pupil, which will hopefully promote and develop these extremely important skills. I hope that that has been conveyed. In terms of our negative response to the way in which this Bill and some its aspects have been presented, I hope very much that you do not feel that we are undervaluing or restricting this important subject. I apologise if I gave that impression earlier.

[68] **Ann Jones:** Thank you very much for giving your evidence. We will send you a copy of the transcript to check for factual accuracy before it is published. Thank you both very much for coming to join us this morning.

[69] **Dr Howard:** I will pay my £10.

[70] **Ann Jones:** No, that is more for Members; that is fine.

[71] **Dr Howard:** The committee clerk can have that.

[72] **Ann Jones:** It was a complete joke, honestly.

[73] **Mr Hughes:** It might be worth £12 tomorrow.

[74] **Ann Jones:** We will have a short break for five minutes.

*Gohiriwyd y cyfarfod rhwng 10:17 a 10:23.
The meeting adjourned between 10:17 and 10:23.*

Y Bil Addysg a Chynhwysiant Ariannol (Cymru)—Sesiwn Dystiolaeth 5 Financial Education and Inclusion (Wales) Bill—Evidence Session 5

[75] **Ann Jones:** Let us reconvene and move on to our next session, which is to take some evidence from the Wales illegal money lending unit. We are delighted to have Stephen Grey with us, who is the investigations manager. Tell me that that is correct.

[76] **Mr Grey:** That is correct, Chair, yes.

[77] **Ann Jones:** Good, thank you. I know that my staff and the researchers do not let me down, but, on occasion, we do get the wrong title. Thank you very much for your paper. If it is all right with you, we have a set of questions that we want to try to get through, because it is legislation, so if that is okay with you, we will move on to those. Simon, you have the first set.

[78] **Simon Thomas:** Yes. Thank you, Chair. Reading your evidence and some of the case studies that you gave us, what is your assessment of the current state of play in terms of the financial education that is happening in our schools? As a result of that, from what you see, do you believe that there is sufficient provision at present within the curriculum?

[79] **Mr Grey:** While I was waiting, I listened to some of the evidence from the previous witnesses—and I have a daughter who is a teacher, so I tread very gently when talking about what should be happening in schools—but the perception that I have drawn, and from evidence from colleagues in England et cetera, is that it is somewhat deficient, it is not central to any of the messages that come through in terms of life skills, as I understand it, and the issue gives rise to so many problems throughout life. You do not have to be bumping along the bottom of society to face difficulties with money. Many of us in this room will have experienced them ourselves, I am sure. So, it seems slightly odd to me that something that is fundamental to a safe and stress-less life is ignored somewhat in the education system, largely.

[80] As a consequence of that, with colleagues in England, we have embarked upon preparing some resource packs for use in schools, which I made available to Bethan at an early stage, I know. We think that they convey sensible messages. They are constructed by teachers for teachers, and they have the quality mark from the Personal Finance Education Group, so it is not something that a loan shark investigator like me has gone off and constructed. We believe that they deliver age-appropriate messages through the time the children are in school. They have been piloted in England, but not yet in Wales, as we are currently working on translation and other things, which are obviously fundamental to things here. However, they were particularly well received by the teaching profession there. That is all that I can report on that. I think that they could make a useful contribution. They are constructed in such a way that they are delivered across the curriculum, through English, mathematics, drama, design—anything you like. So, it is possibly more user-friendly for the teaching people, I do not know; they would have to comment on that themselves. However, it is not seen as a distinct, ‘Sit and listen about this’; it is equipping people through their school life for financial decisions and challenges that they come up against.

[81] **Simon Thomas:** Certainly, the evidence that we have had already on the Bill suggests that, if this is going to work, it has to be across the curriculum, and that it is not just treated as a standalone kind of subject, or as part of mathematics, for example. I take it from what you have just said, however, that, as this is fairly new, you do not have evidence of the effectiveness yet of this kind of approach.

[82] **Mr Grey:** No, we do not, and certainly not in Wales. It is something of a virtuous circle in that the whole thing was funded by proceeds of crime money taken from loan sharks, so it is not ordinary public funds that have been committed to this. I do not have evidence. It has not been rolled out in Wales. It is something that we are hoping to do in the new year.

[83] **Simon Thomas:** Just on that point then, I accept, of course, that this is fairly new, but in a wider context—because you are part of a UK organisation, as I understand it—

[84] **Mr Grey:** Yes, we are funded by the UK Government. Although we are hosted by Cardiff Council, we work across Wales, and we have a partner agency in England.

[85] **Simon Thomas:** Is there, therefore, any evidence at all that you have come across where, if I can put it in this way, you can see that financial education has made a difference within families, or within a school setting?

[86] **Mr Grey:** Not so much in a school setting, because, as I say, I am not confident that it has been delivered in the past. Certainly, when education can be provided within a family setting to young adults or people who have encountered problems, it does make a difference, and it is staggering how unaware they are, quite often, of the advice that is available, of other avenues where you could hope to get money lent to you, and of where you could go for advice if the wheels come off. That does surprise me, the level of ignorance in that area.

[87] **Simon Thomas:** It is slightly a moving target, is it not, because where you get advice can change from place to place, and from context to context. So, is that more about the skills of understanding the system, really, rather than what you can teach? The information that you can give somebody this year might be misleading information two years down the line, if you see what I mean. It is about how you might understand how that information works, and how to get it.

[88] **Mr Grey:** I am not sure I understand that question. [*Laughter.*]

[89] **Simon Thomas:** That is fine. What I am trying to get at, in a way, is how do we differentiate between the skills that people need to learn in school, as part of the curriculum, and the information? The Bill deals with skills on one side and with teaching, and then it deals with the provision of information, which is a slightly different set of questions, but it deals with them in a local authority context and everything. It just strikes me that the provision of information is a changing kind of feast. It is a moveable feast. It changes, so who is best placed to give you information? It will be different in one part of Wales than in another. Whether a citizen's advice bureau is being funded or not changes according to the funds that are available for local authorities. However, the skills bit is fixed.

[90] **Mr Grey:** Yes. If it is delivered to all, in a school setting, then all will receive it, and that is certainly something that I would commend. How much you remember in later life, or what you are told at five or six or seven years of age is another matter. Some of the very basic messages go down to five, six or seven-year-olds. What is money? How do you keep it safe? What happens if you lose it? What is the impact on you, and on other people? There are general thought processes that it hopefully gets children to engage with, and to develop a sort of skill in that area, and a sensitivity.

10:30

[91] **Simon Thomas:** Just on that, because I noticed that you have referenced the pack that you have in your evidence.

[92] **Mr Grey:** I have the pack here, yes.

[93] **Simon Thomas:** You reference it in your evidence as well. That starts at age five. The Bill, in terms of statutory obligation, starts at age seven. Have you taken a view as to whether that is suitable or not? Clearly, you think that the information—

[94] **Mr Grey:** We are not talking about indebtedness at the age of five.

[95] **Simon Thomas:** No, of course not. You are talking about what is money, and using it.

[96] **Mr Grey:** It is about the concept of money, the concept of some sort of worth, keeping it safe, making sensible decisions about it, and your pocket money—it is very superficial.

[97] **Simon Thomas:** Nevertheless, the work that you do, and are starting to do in England and, hopefully, in Wales, does start at five, does it not?

[98] **Mr Grey:** Yes, but I would like to emphasise that this is not something that I, as an enforcing professional, have dreamed up. It has come through the teaching profession. We are very much looking for schools to engage with that. They will make their own decisions as to the suitability of that. I have no message to send you there.

[99] **Ann Jones:** We now move to financial inclusion strategies. I turn to Paul.

[100] **Paul Davies:** I just want to ask you some questions regarding financial inclusion strategies. As you know, in this Bill, there is a requirement on local authorities to actually produce financial inclusion strategies. I understand from the Welsh Government's financial inclusion strategy that it commits the Welsh Government to actually work in partnership with you as an organisation. Can you tell us a little bit about that? What impact does that sort of strategy have on your work?

[101] **Mr Grey:** My client liaison officers, who deal with victims and provide direct support to them, have built quite a good relationship, I think, with Welsh Government and all sorts of agencies right across Wales, as you might expect. We meet the housing associations, the CABx, and the sorts of people who will generate information for us and help us both to respond to the need and, for the enforcement staff, to target their enforcement activity. The fact that we are mentioned in the financial inclusion strategy, I think, gives us traction with other key agencies. It is saying, 'Yes, okay, the Welsh Government recognises WIMLU's work', and they see us as credible.

[102] One of the problems in terms of the obligation on local authorities to have inclusion strategies individually, I have to say—and I hope that I am wrong—that I have been unable to find a definitive list of anyone who has developed them. Those that we recognise are 'in development', shall we say, are all that I can bring to the table here. Where they are in development, it gives us, when we visit north Wales to try to develop inclusive issues, targets that we can hit. Just to go slightly off your questioning here, I hope just to emphasise to you how important this is to us. I have been in post as manager of this union for little over a year. In that time, one individual has come to us complaining that they are a victim of a loan shark. We have had dozens of investigations, but they will all usually commence from a social worker, a CAB adviser, or someone else, such an extended family member, who recognises that this person is probably in a situation that we can assist them with. So, that is very important to us in our enforcement work. The very fact that we are involved in these strategies and are key partners is not exactly a rich vein but an essential vein for us to explore, for our credibility in terms of taking these people to court.

[103] **Paul Davies:** So, just to be clear, you have no direct experience of working with local authorities that have actually developed a financial inclusion strategy at all. If that is the case, do you believe, therefore, that this is the right way forward in actually requiring local authorities to produce a financial inclusion strategy in the future?

[104] **Mr Grey:** Superficially, it is certainly attractive, yes. We will all be aware of the financial constraints upon local authorities and the different decisions being taken on priorities. If that is the direction of travel, we would want it to work, not go off in half measures.

[105] **Paul Davies:** Do you think that that would assist you in your work if these strategies were actually in place?

[106] **Mr Grey:** Better links into any communities would assist us in our work, yes.

[107] **Ann Jones:** We now turn to look at advice about financial management. I call Suzy.

[108] **Suzy Davies:** I do not know whether you are familiar with section 12 in particular of the Bill. It is the obligation on local authorities to provide information about where to get advice. I will keep it as simple as that. It is unclear from the Bill, in my view, what that actually means. Are you familiar with what local authorities might be doing at the moment in

terms of signposting first of all, and, secondly, in terms of advising people themselves? Is that something you have any relationship with?

[109] **Mr Grey:** If I may confess to a previous life as a trading standards manager, I am aware of how local authorities work in this regard and the emphasis that is put on signposting people to various advice agencies. That is an area, not wishing to be controversial here, that has suffered in recent times due to financial constraints. Those key workers who are established as financial inclusion officers certainly have that information and direct people to appropriate sources of advice—

[110] **Suzy Davies:** But they would not attempt to give the actual advice themselves, would they?

[111] **Mr Grey:** They would not.

[112] **Suzy Davies:** They would just say, ‘Go to a credit union’ or ‘Go to a bank’ or whatever.

[113] **Mr Grey:** If we are thinking of debt, for example, which is possibly where we are coming from, the debt adviser has to be a really well trained individual, who will analyse that person’s financial circumstances, sort out how much money is owed, create some sort of priority in terms of the range of debtors that a person faces and give some sensible advice on how they should do that. They may contact the creditors for them if people are particularly vulnerable. However, those sorts of services tend to be outwith local authorities, as I understand it. They would be with Citizens Advice, Shelter Cymru and others who provide specialist advice services.

[114] **Suzy Davies:** That mainly answers my next question. If a local authority cannot provide a directory that is helpful to an individual, the Bill as it stands at the moment suggests that the local authority might be able to provide advice about financial management itself—financial management being ‘financial services and managing debt’; that is the definition. Do you think that is an appropriate role for local authorities, to actually become financial advisers, effectively?

[115] **Mr Grey:** I am not sure that that necessarily sits particularly easily with 22 different local authorities in Wales. I would have thought that you could perhaps benefit from some sort of Welsh common provision. That is a personal view, as I think—

[116] **Suzy Davies:** Or through the existing partnership arrangements.

[117] **Mr Grey:** Yes, with third parties or whoever else.

[118] **Suzy Davies:** In your experience, across the 22 local authority areas, if somebody needed debt advice or found themselves a victim of illegal money arrangements—

[119] **Mr Grey:** They are two different things.

[120] **Suzy Davies:** I know; that is why I said ‘or’. Are you confident that there is good provision in all local authority areas, regardless of where that provision is? Is there consistency across Wales?

[121] **Mr Grey:** There is provision. I am aware that, with some providers, such as Citizens Advice and others, the lead time to see anybody is very significant. If you have bailiffs knocking at the door, that really does not help you. So, there is a resource issue for those people. I know that. If you are in crisis, you do not want to wait three or four weeks to be

seen.

[122] **Suzy Davies:** So, it is there, but it is not necessarily useful.

[123] **Mr Grey:** Or it is not adequately resourced or whatever else. Turning to your other specific issue, if you are the victim of an illegal moneylender, my team would provide that advice and you would have it very much more quickly and—

[124] **Suzy Davies:** You operate Wales-wide, do you not?

[125] **Mr Grey:** Yes, and there is a very rapid response in that sense. Just on Tuesday this week, someone we were already helping had the bailiffs at the door at 7 a.m.. We responded to that within an hour and a half and we calmed the storm, if you like. So, we are very much geared to dealing with that and those sorts of crises that enter the lives of really vulnerable people who we end up dealing with, in that sense. However, that is quite separate from debt advice per se.

[126] **Suzy Davies:** Finally on the debt advice question, one of the reasons put forward for having a Bill in the first place is that there is a lot of bad debt advice out there at the moment. Have you seen any evidence of that or consequences of that?

[127] **Mr Grey:** I have not personally. I would not be comfortable commenting on that.

[128] **Suzy Davies:** That is fine. Thank you very much.

[129] **Ann Jones:** Okay. Do any other Members have any views they want to pursue? I see that they do not. Thank you very much. Your paper was very comprehensive as well, so thank you. We will send you a copy of the transcript to check for accuracy before it is published.

[130] **Lynne Neagle:** Could the committee have copies of the education packs? Would that be possible?

[131] **Mr Grey:** You can when they have been tweaked to reflect the Welsh situation. The ones I am currently holding do not. They are currently being published, so, yes, of course.

[132] **Ann Jones:** Thank you very much.

[133] **Keith Davies:** On the same thing, are there three packs altogether?

[134] **Mr Grey:** No, there are two—five to 11 and 11 to 19. So, they do not fully square with the key stages. The second one actually takes it beyond the school setting as well into slightly later life.

[135] **Ann Jones:** Okay, that would be helpful to see. Thank you very much for your evidence this morning.

[136] The committee will break now. We will have a break and come back to our next session. We may be able to start our next session at about 11 a.m., but we are not sure. We have a problem with the—. Well, we do not have a problem, it is just that our witnesses are coming on the train. We will break now and aim to come back for 11 a.m. If we cannot, then it will be a bit later.

*Gohiriwyd y cyfarfod rhwng 10:41 ac 11:11.
The meeting adjourned between 10:41 and 11:11.*

Y Bil Addysg a Chynhwysiant Ariannol (Cymru)—Sesiwn Dystiolaeth 6
Financial Education and Inclusion (Wales) Bill—Evidence Session 6

[137] **Ann Jones:** We will reconvene. Our next session is with the Association of British Credit Unions Limited. We are delighted to have with us Matt Bland, policy manager for ABCUL, and Delyth Shearing, manager of Merthyr Tydfil Borough Credit Union. Thanks for your paper. As you know, we are scrutinising the Bill introduced by Bethan Jenkins, the Financial Education and Inclusion (Wales) Bill. We have a set of questions on the proposed legislation, financial education and inclusion strategies and advice about financial management. So, those are the issues that we will be covering in this session. We will move to the first set of questions from Simon Thomas.

[138] **Simon Thomas:** Gofynnaf fy **Simon Thomas:** I will ask my questions in nghwestiynau yn Gymraeg. Welsh.

[139] **Ann Jones:** The headsets should be set for you to hear the translation.

[140] **Simon Thomas:** A wnewch chi **Simon Thomas:** Will you outline, as an amlinellu, fel cymdeithas sy'n cynrychioli undebau credyd, pa waith rydych yn ei work you are doing at present in the field of wneud ar hyn o bryd ymmaes llythrennedd ariannol? Deallaf o'ch tystiolaeth eich bod yn evidence that you undertake work in schools; gwneud gwaith mewn ysgolion; mae sawl several credit unions work in schools, for undeb credyd yn gweithio mewn ysgolion, er example. From the work that you are doing, enghraifft. O'r gwaith rydych yn ei wneud, what is your impression as to how consistent beth yw eich argraff chi o ran pa mor gyson a and useful for the future the education pha mor ddefnyddiol ar gyfer y dyfodol yw'r provided in this area is? addysg yn y maes hwn?

[141] **Mr Bland:** I will start and then maybe Delyth can add some of her specific experiences in Merthyr Tydfil. Lots of credit unions work in schools and provide financial education. Delyth's credit union in Merthyr is a good example of that, but there are good examples in Swansea and in Neath Port Talbot, which is not a member of ABCUL. Generally, that involves credit unions providing a savings club-type scheme within the school, involving the children in running a collection point within the school and getting involved in the whole running of the service and, through that process, getting to know a bit about saving and the value of saving and, hopefully, through that process, inculcating a healthy relationship with money. Separate to that, there are some things that Merthyr does in relation to financial education lessons. I do not know whether Delyth wants to add anything about what Merthyr credit union's scheme is about.

[142] **Simon Thomas:** As you have just mentioned financial education lessons, could you say a little bit about how you work within the school setting? That would be interesting to know.

[143] **Ms Shearing:** I will. It is all done with Welsh Government funding. We are piloting the scheme of offering financial education predominantly in comprehensive school, at key stages 4 and 5. We cover two topics. Money Matters is aimed at 14 to 18-year-olds, and that programme covers practical and relevant everyday financial matters. It is taught in three one-hour sessions, with each session covering a different topic. They cover topics such as 'my choices', 'needs and wants', 'choices and lifestyles', 'budgeting', 'shopping deals', 'savings' and 'risks of savings'. We also cover 'my money', which would include things like national insurance, payslips, minimum wage and, obviously, Government spending. The third session then is 'my future' and we will cover things like currency and savings accounts, including

credit unions, which would also cover ethical choices and forms of payment like debit cards, credit cards, interest et cetera. Our second programme then is ‘Student Stash’. That is aimed at—

11:15

[144] **Simon Thomas:** Sorry, what was that? Student what?

[145] **Ms Shearing:** ‘Student Stash’.

[146] **Simon Thomas:** Ah, right. Students have stashes of all kinds. [*Laughter.*]

[147] **Ann Jones:** Oh, we will not go into that. [*Laughter.*]

[148] **Ms Shearing:** The target group is 16 to 21-year-olds and it covers things like ‘money in’—bursaries, grants et cetera, scholarships, part-time jobs and, again, taxation. ‘Money Out’ is a university start-up shopping challenge, which, as you will be aware, comes in very handy. We also cover lifestyle budgets and student costs figures, and then we will go into what we call ‘my bank balance’, which is about student bank accounts and how credit unions can help with that, and forms of payment, overdrafts, debit and credit cards. They go in then to look at real life stories and action plans and are given access to useful websites. It is all hands on and it is all done in a friendly environment and children absolutely love it. Unfortunately, because of the summer recess, we have only done the ‘Student Stash’ one at the moment, but 19 out of 24 primary schools in Merthyr have our collections savings point. However, the issue that we have in Merthyr is getting into comprehensive schools. We have a savings club in one out of the four schools, but we do find that very difficult and it is a big challenge to get into those schools to be honest.

[149] **Simon Thomas:** Thank you for that; it was really useful to understand how different financial education could be done and the credit union’s role in that. Have you been able to form a view, therefore, on the basis of things such as Merthyr, but the other credit unions as well, as to whether there is sufficient provision currently within the curriculum for this kind of learning, or do you think that we need to move down the lines of the Bill, which of course says that this should be a statutory part of it? Is there room in the curriculum to do it anyway?

[150] **Mr Bland:** It depends on how consistent you would like this kind of education to be. In certain circumstances, schools are very well engaged and prioritise this kind of education because they see it as valuable. In other instances, as Delyth said, in secondary schools in particular, the challenge is more difficult. So, what happens is that you have an inconsistent provision. Some schools are very good at this; other schools are not.

[151] **Simon Thomas:** What is the issue in secondary schools? Is it time or access?

[152] **Ms Shearing:** I think that it is a bit of both actually. It is time and access, and unfortunately there is a lack of knowledge by the teachers et cetera of what credit unions are. That is a key issue.

[153] **Mr Bland:** There is also, in my experience, a kind of anxiety on the part of teaching staff. Often, teachers themselves are not necessarily particularly good at financial matters themselves, and so when it is left to them to provide this education, it can be quite difficult for them to deliver that, which is why schemes like this can provide a valuable resource to draw upon. That is why I mentioned in the written evidence that some kind of role, if this Bill were to be passed, of co-ordinating and signposting to resources that are available would be helpful to schools, I think, to understand how they might do that.

[154] **Simon Thomas:** Clearly, the teachers that we have today were in school themselves a generation ago and did not get this financial education.

[155] **Ms Shearing:** That is correct.

[156] **Simon Thomas:** It was not available then, so naturally, unless they have an interest, or they teach the subject, they are not necessarily going to be up to speed on it. Obviously, in Merthyr, there is a fairly comprehensive way in which you can describe a credit union there working with the curriculum and with schools, and that is hugely impressive. Would all credit unions be able to deliver this? How could credit unions work if the Bill were to be passed? Would you see credit unions throughout Wales being able to deal with the provisions of the Bill?

[157] **Mr Bland:** I think that it depends. Each credit union is an independent organisation with its own priorities. Some credit unions have a strong emphasis on this—I mentioned a couple of examples—and are very active in trying to train their staff in the skills and programmes that Delyth has spoken about. However, as she mentioned, that scheme that they are running was funded by Welsh Government under the credit union funding arrangements last year, and it draws on a scheme, MyBnk, which I think is based in London, but is across the UK. So, they have had specialist training and resource has been provided for that. Not all credit unions are in such a fortunate position. So, I think that it would be wrong to suggest that all credit unions in all parts of Wales would be in a position to provide this, which is, again, why I think that some kind of way of co-ordinating what resources are available and helping schools to identify those in their area, albeit a credit union or some other agency, would be important.

[158] **Simon Thomas:** Do credit unions do anything with young people outside the school setting in terms of financial education?

[159] **Mr Bland:** Lots of credit unions have young people in their membership, for example, junior savers and that is often—

[160] **Simon Thomas:** How old do you have to be to be a junior member?

[161] **Mr Bland:** It used to be the case that legislation required you to be 16, but that changed, so now credit unions can set their own full membership age. There are some technical things around whether you can get on a credit union board if you are of primary school age, but in principle you can now become a full member at any age set by the credit union. So, there is just the plain business of providing the services to children and young people. Beyond that, there might be schemes in particular localities in Wales. I am not familiar with any examples in Wales actually, but in other parts of the country, they will work with kids in community development schemes to help them to understand financial education and matters in a similar way—

[162] **Ms Shearing:** Our scheme that I have spoken about is open to all youth services; it is not only for comprehensive schools—

[163] **Simon Thomas:** But it is delivered in the school, is it?

[164] **Ms Shearing:** Predominantly in schools, but we are working alongside the youth provision in Merthyr and hopefully now in the next couple of weeks, we will be targeting youth services.

[165] **Simon Thomas:** At what age do you start?

[166] **Ms Shearing:** This starts at age 14, including the ‘Student Stash’ up to 21, but, as I say, it is in collaboration with and was inspired by MyBnk. I know that they do work in the key stage 2 area, which to me is really key because the earlier you start this financial education, the better for all concerned.

[167] **Ann Jones:** Suzy and Aled want to come in on points that come out of your questions.

[168] **Suzy Davies:** It is a question for Delyth on your programme. You said that you had difficulty getting into comprehensive schools. Do you have any sense as to why that is? Is it because the heads of particular parts of the curriculum say, ‘Our bit of the curriculum is full; we can’t be dealing with this financial education’ or was it that the headteacher or the head of year will have said, ‘Oh God we’ve got to do this; let’s get the credit unions in; they can do this three-week course and then we can say that we’ve done everything’, and it is not actually embedded in the curriculum because you have actually done them a favour?

[169] **Ms Shearing:** It is a bit of both, I think. It is about finding the key person within the comprehensive school to target this programme. We initially kick-started it with the heads of the art departments, because we run a competition with children to win a £50 Amazon voucher, and the poster created will be used to back up the programme itself and it is so that the children have an incentive to get involved from the outset. However, it is about finding the key person within that school. We have tried the heads and heads of department. It varies from school to school, to be honest with you. Unfortunately, at the time we were promoting this, when our colleagues had the training in March of this year, it went straight into the examination period within the school, so I think that that had an impact on it as well. So, now we have re-engaged to come back in September and re-engage with the school. We now have two sessions pencilled in, over the next couple of weeks, with that particular school. It is finding that key person. I think that there is an element of saying, ‘Yes, this looks good, we’ll pass this on to a certain head of department’, but for whatever reason they may be extremely busy doing a particular thing—I know in our case it was examination time—

[170] **Suzy Davies:** It is too early to say, basically, whether it has inspired individual teachers to embed it a bit more, and what they do when you are not there.

[171] **Ms Shearing:** The ones we have actually spoken to are very positive and they are keen to do this, but they tell me that the issue is finding the time to slot it in. We were saying that three hours is all we are asking, as a maximum, for ‘money matters’. I think that it is a bit of everything, really, it is the time—

[172] **Suzy Davies:** It is slotting you in a specific hourly slot, rather than trying to spread you across the massive curriculum—I know you could not do that, necessarily.

[173] **Ms Shearing:** Yes.

[174] **Suzy Davies:** We have had lots of different evidence about what might be the best way to do this if it ever happens. So, yours is one specific way. I have got what I needed from that. Thank you very much.

[175] **Aled Roberts:** Rwyf eisiau gofyn cwestiwn yn Gymraeg am gynaliadwyedd, i ryw raddau. Mae eich tystiolaeth yn dweud bod y cynllun wedi’i sefydlu yn 2013. Am faint y mae’r cynllun yn para, a faint o arian a ydych chi wedi’i dderbyn gan Lywodraeth Cymru i gynnal y cynllun?

Aled Roberts: I want to ask a question in Welsh about sustainability, to a certain extent. Your evidence says that the scheme was set up in 2013. How long will that scheme continue, and how much money have you had from the Welsh Government to sustain the scheme?

[176] **Ms Shearing:** The programme is piloted until March 2015, so it obviously expires next year. We have purchased all the materials, so it is the onus of the credit unions. Three members of staff have been trained in producing these two programmes. We believe that we had around £30,000 for this programme. Bearing in mind that we had to train the staff in the MyBnk programme, the majority of it was down to the training et cetera. Post March 2015, there is no provision in the form of a credit union to deliver that, but with the skills of our staff and the schools that we are engaging with at the moment, I am sure that that will continue beyond March 2015.

[177] **Aled Roberts:** Beth yw'r targedau y mae Llywodraeth Cymru wedi'u gosod arnoch chi ar gyfer gwerthuso'r cynllun?
Aled Roberts: What targets has the Welsh Government set for you for evaluating the scheme?

[178] **Ms Shearing:** We work in collaboration with another credit union, West Wales Credit Union, and both programmes have been translated into Welsh. Our targets are to get 500 junior savers involved in the credit union. Just during September, in Merthyr credit union we had 88 junior members join, and they have saved over £300—just 88 of them—and that is predominantly in primary schools. So, we believe that it is really key to get these children early. I have not had statistics unfortunately, to date; I am about to get them now for our quarterly return from west Wales. However, I know that Merthyr credit union has a target of 250 and I think that we have hit that already, and we are not even near March yet.

[179] **Aled Roberts:** Mae'r cynllun wedi'i anelu at fyfyrwyr yng nghyfnodau allweddol 4 a 5. Mae'r Bil hwn, wrth gwrs, yn targedu myfyrwyr o gyfnod allweddol 2 ymlaen, ond mae nifer o fudiadau wedi cwestiynu hynny ac wedi dweud ei bod hi'n well i'r cynnwys hwn fod o fewn y fframwaith llythrennedd a rhifedd. Pryd ydych chi'n meddwl y bydd hi'n briodol dechrau'r gwaith addysgu ariannol hwn gyda'r plant? A fydddech chi'n dweud bod cyfnod allweddol 2 yn iawn, neu a ddylid dechrau'n gynharach?
Aled Roberts: The scheme is aimed at students in key stages 4 and 5. This Bill, of course, targets students from key stage 2 onwards, but a number of organisations have questioned that, and have said that it would be better for this content to be included within the framework for literacy and numeracy. When do you think it would be appropriate to start financial education with children? Would you say that key stage 2 is an appropriate time, or should we start sooner?

[180] **Ms Shearing:** This is obviously my personal view: the earlier you start this financial education with children, the better. I was brought up in a background where we did not even know about credit unions, to be honest with you—I do not think that Merthyr credit union was around at that time. I have a chapel background. We were always brought up with chapel savings and, obviously, that is where I got my head for money, I believe, hence why I am at the credit union. I think that it is key.

11:30

[181] It is never too early to start to teach children about savings. We have children who come in to the collection point on a Monday morning and empty their piggy banks, which they have been given free of charge from the credit union as an incentive to join. Literally, we are there counting pennies and two pennies and things like that. The kids absolutely love it—we are talking nursery and primary-aged children. It is an everyday task that these kids have to go through. The earlier we get these children—if it is before key stage 2—absolutely the better for me.

[182] **Mr Bland:** It is also worth recognising some of the wider benefits that this kind of education, particularly with credit unions and saving in schools, can have in terms of

engaging their parents. The earlier that that is done, it engages them in a savings habit and an affordable place to borrow from. It can have knock-on benefits for the child's development in the longer term. We should not just focus on the benefits for the children themselves. Often, the skills are best developed in the home. Engaging with parents is a valuable part of this as well.

[183] **David Rees:** The Bill, in section 13, puts a duty upon local authorities to take reasonable steps to encourage financial education within FE and HE institutions for students. You mentioned your post-16 work; I have two questions on that. Are you engaged with the college in Merthyr as part of that programme and how easy was that? Secondly, who are your partners? Is the local authority one of your partners for post-16 education for people?

[184] **Ms Shearing:** In Merthyr, my colleague is actually there in the college today. As some of you may be aware, we have a brand new sixth form college. That is where we have done the two sessions so far. They are very keen. We have the freshers' fair going on at the moment. The credit union is always invited to attend and promote credit unions within that environment.

[185] **David Rees:** Does the local authority support the post-16 initiative?

[186] **Ms Shearing:** Yes. The youth service is involved in this. We will deliver this through youth services as well. The majority of people who attend youth services do not attend further education—or it seems that way. We are also hoping to engage with children who stay away from school. There are specific youth services in Merthyr that engage with these children. We will run these sessions with them as well. With regard to the authority, yes it does support credit unions, but there is more support needed with regard to promoting credit unions to its staff and enabling credit unions to have payroll deduction. As I say, it is not all about having budgeting help and financial help when things go wrong. To me, it is key that it needs to be done at an early stage. Prevention is better than cure.

[187] **Ann Jones:** We will move on to financial inclusion strategies, Paul.

[188] **Paul Davies:** I note from your paper that you are very supportive of part of the Bill that will require local authorities to implement financial inclusion strategies. What difference do you think such strategies will actually make? How do you see you as an organisation fitting into those strategies? How will you deliver your objectives through those strategies?

[189] **Mr Bland:** Similarly to the point about financial education, it is about consistency of provision. Certain local authorities—I mentioned earlier an example in England—are much more forward thinking and progressive in terms of financial inclusion and others perhaps not so much. If it is something that we think is valuable—that financial inclusion is prioritised by local authorities—then I think the provisions of the Bill to require that to be provided would be a good step forward. In terms of how credit unions can get involved in that, the obvious thing is credit unions providing affordable loans to the residents of a local area, as opposed to those people going to Wonga or other pay-day lenders or high-cost lenders et cetera. Also, a valuable thing that credit unions do generally is encourage a savings habit through requiring people to save while they repay loans et cetera.

[190] So, it is about saving people money, in terms of the borrowing cost, but encouraging the right kinds of behaviour, in terms of savings and other services. The credit union in north Wales, for instance, provides a credit union current account. So, you can provide them with access to banking where they do not have that access currently. The credit union expansion project, which six credit unions in Wales are involved with, seeks to extend those kinds of services and to make credit unions more effective in providing that kind of borrowing and saving service. So, in terms of how credit unions fit into it, there are obvious ways that credit

unions could support financial inclusion strategies for local authorities, but the key focus that we wanted to get across in this is that it is our belief, as the main trade association across Britain and Wales, that credit unions should be sustainable co-operative organisations, providing a service that is inclusive and socially motivated, but, ultimately, is a service that is sustained from its own trading and not something that is subsidised as a welfare state intervention.

[191] It is possible to do that kind of inclusive work with people who have had difficulty accessing mainstream services if they are able to also provide services to a broader range of people who are slightly better off. That is why, as Delyth mentioned, it is important that any strategies that are developed by local authorities take that into account and look to see how the local authority can support the wider needs of the credit union, alongside the financial inclusion aspect of it. It is slightly counterintuitive as a concept, but the only other option is to fund the credit union to do those inclusive things continually. So, if we want to have a credit union sector that can sustain itself and can provide these services that we think are needed, in terms of competing with high-cost lenders et cetera, we need to help credit unions to sustain themselves as well as help them to engage with excluded groups.

[192] **Paul Davies:** You do not think that requiring local authorities to develop financial inclusion strategies will place too much of a burden on local authorities. Do you think that there will be sufficient flexibility in these strategies to deal with some of the more local issues?

[193] **Mr Bland:** As far as I understand the provisions of the Bill, there is no prescription in terms of what the financial inclusion strategy does. So, in terms of local contexts, I think that there is sufficient scope for a local authority to set its strategy in a way that reflects local needs. In terms of the burden on local authorities, this is part of the point in my submission. Given the pressures already on local authorities, as far as supporting credit unions in financial inclusion terms is concerned, it is not a viable option to expect them to fund credit unions to provide these services. That is why I say that credit unions should be supported to be sustainable on their own trading, through wider support in terms of engaging with staff et cetera; that would be an important way of doing that.

[194] In terms of the broader financial inclusion strategy effect on local authorities, although it is not our remit, the example in Leeds is a good one to look at. They have taken the whole local authority service—council tax arrears, management of arm's length housing association organisations et cetera—and looked at how to approach those services from a more financially inclusive perspective. That can have financial benefits for the local authority as well, in terms of reduced costs of evictions, for instance, or reduced arrears, by helping people rather than transferring someone to debt collection immediately, where they can fall into arrears, perhaps working with them to understand what the drivers are behind their financial difficulties. That kind of a more enlightened approach has had, as the research report evaluation found, a cost neutral effect, if not an economic benefit, to the local authorities' own budgets. So, if done in the right way, it need not be something that costs the local authority. Actually, it could benefit the local authority and local residents.

[195] **Paul Davies:** Do you believe that introducing financial inclusion strategies such as these will start to address some of the digital exclusion issues?

[196] **Mr Bland:** I think that digital exclusion is a slightly different issue, but if we accept that a more financially resilient individual is more able to afford access to digital services, then it follows logically that that would be the case. More broadly, I do not know if you are expecting explicit digital inclusion objectives to flow from financial inclusion strategies by default. I am not sure that that would necessarily happen in all cases. If you wanted that, I think that you would have to write it into the requirement.

[197] **Paul Davies:** As credit unions, are you confident that you will be able to contribute meaningfully to financial inclusion strategies, given some of the pressures on your budgets?

[198] **Mr Bland:** Yes. Credit unions, where they work best in this country and in other parts of the world, are very effective in providing an inclusive service to people who face exclusion and difficulty accessing mainstream services, but can do that in a sustainable way, where they are also able to provide a service to the broader community in a true sense of mutualism, as it was defined in the nineteenth century. We can see that working in places in Wales and in England and other parts of the country, but there are other credit unions that are facing difficulty, because they tend to have too much focus on the excluded and do not have so much of the other part of the business. So, that is why we emphasised that in the response. It is important to help credit unions to have that balanced business, otherwise you will need to support them to continue to do what they do. So, provided that that is taken into account, it should not be difficult for credit unions to help to implement financial inclusion strategies.

[199] **Paul Davies:** I note from your paper that you believe that the Bill should require financial inclusion strategies to support credit unions to engage with the staff of local authorities and local businesses. Could you just expand on those comments for us, please?

[200] **Mr Bland:** Yes. In terms of engaging with their own staff, I mentioned a few examples. There is Cardiff credit union just down the road and there are also good examples in Glasgow and London, where credit unions began life serving local authority staff through payroll deduction. So, essentially, they have an agreement with the payroll provider in the local authority to allow savings and loan payments to be taken directly from wages, before they are paid into people's main bank accounts. That has a number of beneficial effects. It enables the individual to access the services much more easily, which addresses some of the inertia and some of the insights that come from behavioural economics—you might be familiar with all of this nudge stuff about helping people to make the right decisions in an easy way. Therefore, they have benefits in terms of accessing a good value financial service. Where credit unions work well, they are able to offer lower rates on loans and higher rates on savings than commercial providers, because of the mutual structure. So, there is a benefit there for them and there is a benefit for the local authority in terms of its staff being more financially resilient and, therefore, more productive. There is also a benefit for the credit union, because it has access to this profitable element of its membership, which can help it to extend into the community.

[201] In those examples, with Glasgow, London Mutual and Cardiff credit unions, you see that, from that strong base, they have been able to extend into the community very successfully to provide inclusive services to the broader population. It is about having that strong base underpinning that. That is another common feature of credit unions in the US, which I also referenced.

11:45

[202] We recently went to a conference of the community development credit unions over there. Without exception, those credit unions have followed that same path. So, they have a strong kind of employment base from which they are able to extend that and provide inclusive services to the broader community. The benefit of all of that is that it need not cost the local authority, as I said, a huge amount; it is really just about having a kind of more enlightened approach to supporting the credit unions' provision because the payroll deduction process, administratively, is not a difficult thing to do at all. Often, there is a perception that it is, but, in reality, it is not.

[203] **Ann Jones:** We are going to have to watch the time, because we have another set of

questions that we need to go through. It is interesting, and I appreciate all of that, but I think that your paper is very clear about that.

[204] **Mr Bland:** [*Inaudible.*]

[205] **Ann Jones:** No, I am not, but I am just thinking—. It is very interesting what they are doing in the US, but—

[206] **Mr Bland:** Briefer answers.

[207] **Ann Jones:** Yes. I think that what we are trying to do is work out where you would fit in inside the Member proposed Bill if we take it forward. So, sorry about that; I am just watching the time. I have a couple of Members who want to come in on the back of what you have said. I have Aled and Suzy.

[208] **Aled Roberts:** I became a member of the Wrexham credit union through payroll deduction, and I am now in the north Wales credit union. However, the first point that you made was that consistency is a major challenge. I think that Delyth said that it is not a pattern across Wales even and that there are local authorities who engage in payroll deduction, et cetera. You answered Paul's point by saying that the financial inclusion strategy requirement was not prescriptive, so how can we have assurance that those authorities that were not engaged, or were superficially engaged, would actually be any more engaged if they had a strategy—or would it just be a glossy brochure sitting on someone's shelf?

[209] **Mr Bland:** That is a difficult question for us to answer as representatives of credit unions. I think that that is a question to ask of local authorities and of the Welsh Government in terms of holding Welsh local authorities to account.

[210] **Aled Roberts:** Okay. So, if you were writing this Bill would you be a bit more prescriptive, as far as strategies are concerned, if you think that it is worth while for local authorities to be engaged in their communities through financial inclusion strategies? Would you be more prescriptive?

[211] **Mr Bland:** From our kind of narrow perspective, I think that I would be prescriptive as far as how credit unions were involved in it in terms of supporting the broader sustainability of credit unions, to kind of labour my point. [*Laughter.*]

[212] **Ann Jones:** I think that we have a pretty good understanding. I noticed that you referenced the north Wales credit union, which I was very pleased about because I think that it has taken the brave step of looking at a current account, and what it is doing is offering that to a wider number of people who cannot get high-street bank current accounts because of the fact that they are financially excluded. So, those are the issues that I think we need to look at.

[213] **Suzy Davies:** This fits beautifully with what Aled was asking. If you are going to be more prescriptive about section 9 of the Bill, about making the Bill promote the sustainability of credit unions, if I can put it like that, credit unions, of course, are not the only organisations that offer financial education and financial capability skills. What would be the rationale behind a Bill just focusing on one particular type of institution, when, when you are talking about financial education and inclusion, the whole of the finance sector has to be looked at? I mean, Wonga is just as eligible to go on a list of advisers as you are. I am not saying that I think that that is a great idea, but—

[214] **Mr Bland:** I never suggested for one moment that we should have a financial inclusion strategy that was solely dedicated to supporting the credit union. My only reason in focusing on that is because my purpose in being here is to represent the interests of credit

unions. I think that you are right; there needs to be a much broader response, and it needs to involve advice agencies, perhaps other inclusive financial organisations, and perhaps the mainstream financial sector in the area, et cetera.

[215] **Suzy Davies:** So, it could be that the drafting of the Bill could do with a little attention to make sure that that wider policy intention is better reflected, perhaps, if we are talking about the Bill specifically.

[216] **Mr Bland:** In terms of prescription, I think that it would be helpful for local authorities to have some kind of guidelines as to what sorts of areas they should look at in terms of a financial inclusion strategy. It does not necessarily have to be written into the text of the Bill, but if it was in some kind of guidance to preserve the sort of flexibility that is needed to reflect local conditions—. It might be that the credit union in the area is not particularly strong but that there is a particularly strong alternative available. So, you would not want to tie the hands of local authorities. However, at the same time, we need some kind of guidance. There is lots of material around financial inclusion and interventions, going back to the previous UK Government and all the financial inclusion strategies it developed or the previous Welsh Government's financial inclusion strategies, which could be used as a basis for the sorts of areas that should be looked at there.

[217] **Suzy Davies:** Would that be UK Government or Welsh Government guidance, because, of course, this is a non-devolved area if you get into it to a certain degree?

[218] **Mr Bland:** The only reason I referenced those is that there are financial inclusion strategies that have been developed at UK level and Welsh Government level that set out a framework that could be used as a kind of basis for a strategy in a local area. That is all.

[219] **Suzy Davies:** Thank you very much.

[220] **Ann Jones:** Do you want to go on to your question?

[221] **Suzy Davies:** Okay. It is related really to this question of crossing the lines with regard to what local authorities can and cannot do under the current devolved settlement. One of the sections in this Bill puts an obligation on local authorities to include on their websites information about where to obtain advice about financial management, and financial management is described as including

[222] 'using financial services and managing debt'.

[223] You would expect then, I presume, a credit union to be on such a list of go-to places for financial advice. However, you mentioned the fact that there may not be a credit union available or that the credit union might not be particularly lively. This Bill as it currently stands would permit a local authority to provide advice about financial management itself. Would that be a matter of concern to you that local authorities themselves may be trying to not just signpost but actually be the advisers?

[224] **Mr Bland:** Well, it is quite a complex area. The provision of financial advice is highly regulated, so I think that the terminology—. Using the word 'advice' in itself is actually problematic because 'financial advice' has a specific meaning under financial regulation, and I think that a local authority would be overstepping its remit, not just under the devolved settlement but, in general, if it starts saying, 'This individual should do x, y or z in terms of managing their finances'. I think that what can be done is more akin to what the Money Advice Service does, which is to provide generic information about financial products and services in terms of helping people to understand what they are, how they work and what the differences between them are to help people to make informed choices for themselves.

[225] **Suzy Davies:** That already exists through the Money Advice Service, as you have said—because I am asking you whether what is in the Bill might prove problematic to you in terms of duplication, I am wondering whether it could possibly duplicate provision of other organisations as well.

[226] **Mr Bland:** Potentially. In terms of providing a list of avenues for gaining access to financial advice, it could link to the Money Advice Service and other provision that is available. The Money Advice Service is a good example. It is a national service that is available in all areas. It should not be the case that a local authority finds itself without at least one place to signpost people to that is funded by financial services.

[227] **Suzy Davies:** That is lovely. I have just one more question on that—

[228] **Ann Jones:** Be very brief.

[229] **Suzy Davies:** Can you just clarify whether all credit unions have a duty to provide financial education and financial capability skills or is it something that they choose to do?

[230] **Mr Bland:** It is within the objects of the Credit Unions Act 1979 that each credit union provides financial education to its members.

[231] **Suzy Davies:** For those who ask for it. That was it, Chair. I just wanted to clarify that.

[232] **Ann Jones:** Okay. I am not going to allow other Members to ask more questions because we are out of time. May I thank you both for coming and sharing your evidence and for your written evidence as well? We will send you a copy of the transcript of this meeting to check before it is published. It is just to check for factual accuracy in case something slips in there that you did not say. Thank you very much.

11:54

**Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o'r
Cyfarfod**

**Motion under Standing Order 17.42 to Resolve to Exclude the Public from the
Meeting**

[233] **Ann Jones:** I move that

the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order 17.42(iv).

[234] Is everybody happy? Okay. Thank you.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 11:54.
The public part of the meeting ended at 11:54.*