

## **SUPPLEMENTARY LEGISLATIVE CONSENT MEMORANDUM (MEMORANDUM NO 2)**

### **FINANCIAL GUIDANCE AND CLAIMS BILL**

1. This Legislative Consent Memorandum is laid under Standing Order (“SO”) 29.2. SO29 prescribes that a Legislative Consent Memorandum must be laid, and a Legislative Consent Motion may be tabled, before the National Assembly for Wales if a UK Parliamentary Bill makes provision in relation to Wales for any purpose within, or which modifies the legislative competence of the National Assembly.
2. The Financial Guidance and Claims Bill (the “Bill”) was introduced in the House of Lords on 22 June 2017 and received its First Reading in the House of Commons on 22 November 2017. The Bill can be found at:

[Bill documents — Financial Guidance and Claims Bill \[HL\] 2017-19 — UK Parliament](#)

#### **Policy Objective(s)**

3. The UK Government’s stated policy objectives are to provide greater clarity and make it simpler for people to access certain specified advice services by having a single body, namely the Single Financial Guidance Body (the “SFGB”) responsible for all public financial guidance, and to protect consumers from widespread malpractice across the Claims Management Companies sector, such as nuisance calls and encouragement of fraudulent claims, by transferring regulatory responsibility to the Financial Conduct Authority.

#### **Summary of the Bill**

4. The Bill is sponsored by the Department for Work and Pensions.
5. The key provisions of the Bill cover the creation of the SFGB which will provide pensions guidance and money guidance in one place and also has a strategic financial capability function. The Bill also makes provision for devolving funding of debt advice to the Devolved Administrations and also transfers the regulation of claims management companies to the Financial Conduct Authority (the “FCA”).
6. It will be a requirement for the SFGB to:
  - co-ordinate the development of a UK national strategy to improve:
    - Financial capability of members of the public;
    - Ability of members of the public to manage debt; and
    - Provision of financial education to children & young people

- take forward a statutory objective requiring the SFGB to work closely with the Devolved Administrations with regards to the provision of information, guidance and advice (covering pensions, money, debt and strategic financial capability) to members of the public in the Devolved Administrations.
- Provide for the FCA to collect levy payments for the delivery of debt advice in the Devolved Administrations and for funds collected to be transferred by Her Majesty's Treasury directly to each Devolved Administration.
- Set up committees to advise on or to discharge its functions.

### **Provisions in the Bill for which consent is required**

7. Amendments moved by Baroness Buscombe on behalf of the UK Government and agreed in the House of Lords on 21 November 2017 provide for the SFGB within 3 months of being established to advise on the establishment of a 'debt respite scheme' if requested to do so by the Secretary of State.
8. These amendments are to clauses 3, 29 and 30 and provide a new clause 7 and 8 in the Bill introduced in the House of Commons on 22 November 2017.
9. The purpose of a 'debt respite scheme' will be to protect individuals in debt from the accrual of further interest or charges on their debts for a period specified by the scheme; protect those in debt from enforcement action from creditors during the specified period and help those in debt and their creditors to devise a realistic plan for the repayment of some or all of the debts.
10. The provisions inserted by the amendments enable the Secretary of State to seek advice on various matters from the SFGB, including the appropriate person to administer any such scheme (the SFGB may also recommend the creation of a new body for this purpose); the scope and design of the scheme, protections to be given; the time period for those protections; what the obligations on debtors and creditors should be together with the consequences of failure by a debtor or a creditor to comply with a repayment plan; how the scheme would work and how it should be implemented. Once the advice is received from the SFGB regarding a 'debt respite scheme' the Secretary of State must publish the advice.
11. On receipt of this advice, as soon as reasonably practicable, the provisions require the Secretary of State to consider whether to make regulations to establish a 'debt respite scheme'. In making the regulations the Secretary of State must take the advice of the SFGB into account and the regulations may provide that the scheme will apply to England only,

England and Wales, England and Northern Ireland or England, Wales and Northern Ireland.

12. Where regulations are made providing for the scheme to apply in Wales they must be laid before and approved by the National Assembly for Wales subject to the affirmative resolution procedure. This will enable the Assembly to consider and approve the regulations if the scheme is to apply in Wales together with any amendments (that may be included within the regulations) to an existing Act or Measure of the Assembly.
13. These provisions are within the legislative competence of the National Assembly for Wales pursuant to subject 4, 5 and 15 of Schedule 7 to the Government of Wales Act 2006 given that the primary purpose of the provisions is to provide protection, support and help in respect of debt through establishing a statutory debt respite scheme.

### **Reasons for making these provisions for Wales in the Financial Guidance and Claims Bill**

14. It is the view of the Welsh Government that it is appropriate to deal with these provisions in this UK Bill as it enables the provisions to come into force at the same time across the UK and allows the SFGB to take a coherent and joined up approach to a possible debt respite scheme. The Welsh Government considers the Bill provides an appropriate and proportionate legislative vehicle to enable the implementation of a scheme in Wales, subject to full consideration of the details of any proposed scheme by the National Assembly for Wales and the approval of the regulations implementing it.

### **Financial implications**

15. There are no financial implications relating to those provisions of the Bill which are in competence.

### **Conclusion**

16. It is the view of the Welsh Government that it is appropriate to deal with these provisions in this UK Bill. This is the starting point in moving towards the establishment of a 'debt respite scheme', which will require significant input from Wales and a wide range of stakeholders in designing any scheme. The provisions will also avoid the need for further primary legislation which would cause further delays in establishing such a scheme.
17. Any regulations, to the extent that they will provide for a debt respite scheme applying in relation to Wales, will need to be laid before, and approved by, the National Assembly for Wales. This will enable the National Assembly for Wales to fully consider the implications of the debt respite scheme in Wales. There is a statutory duty within the Bill for the

SFGB to work closely with the Welsh Ministers regarding the provision of information, guidance and advice to members of the public in Wales.

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**December 2017**