

CC(3) AWE 10

Sandy Mewies
Chair, Communities and Culture Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

Dear Sandy

Inquiry into Financial Inclusion and the impact of Financial Education

Thank you for your letter dated 19 July 2010, I must apologise for the delay in my reply.

I am pleased to hear that both the Committee and the Minister acknowledged the importance of the services of Citizens Advice in dealing with debt management issues for our clients and communities.

In terms of cuts in budget, the umbrella body for the service, Citizens Advice and Citizens Advice Cymru, is core funded for its support to the local services, provision of services to bureau and its policy work through the Department of Business Innovation and Skills (BIS). Having budgeted for a 3% decrease in income in 2010/11 we were informed by BIS that we had to find a further 11.6% in-year cut during June 2010. Following negotiation this cut was finalised at 9% to be found in-year during 2010/11. Citizens Advice has worked hard to make these savings with as little impact on our services direct to bureaux as possible, however, given the savings have to be made in-year, we have had to cut back on some of our planned communications work and have made a number of voluntary redundancies including two administrative posts in Wales. In addition we had a vacancy for the Public Affairs Officer within Citizens Advice Cymru at the time of the announcement in June. We immediately imposed a recruitment freeze which has now been partially lifted resulting in the appointment starting in September and only for a half-time post. This will impact on the amount of policy work we are able to undertake on behalf of our clients including responding to Welsh Assembly Government and National Assembly for Wales consultations.

In addition central government funds a number of services provided to communities across Wales by local bureaux including Treasury funding for additional hours of advice in response to the recession and face to face debt advice through the Financial Inclusion Fund which currently funds 36 debt advisers in bureaux and Shelter Cymru. We understand that the Treasury's Financial Inclusion Fund will end in March 2011 as was envisaged by the previous government and the Coalition Government has yet to consider a future strategy for the provision of debt advice but this will be considered as

part of the Spending Review process. The implication of this is that we are advising bureaux and Shelter Cymru to prepare for the service ending as they need to be prepared for the worst case scenario.

Citizens Advice will continue to lobby the government in terms of the Comprehensive Spending Review to ensure retention of vital services which have been integral to the Assembly's Financial Inclusion Strategy.

Funding to bureaux is from a variety of sources with local government being the principle funder. At present this funding has remained secure in most cases but bureaux are reporting concerns about the situation for 2011/12.

I hope that this will assist you with your inquiry, if there is any further information you need please let me know.

Yours sincerely,

FranTargett
Director
Citizens Advice Cymru