

National Assembly for Wales
Children, Young People and Education
Committee

**Financial Education and Inclusion
(Wales) Bill: Stage 1 Committee
Report**

November 2014



Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales

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Children, Young People and Education Committee

The Committee was established on 22 June 2011 with a remit to examine legislation and hold the Welsh Government to account by scrutinising expenditure, administration and policy matters encompassing: the education, health and wellbeing of the children and young people of Wales, including their social care.

On 22 January 2014, the Assembly agreed to alter the remit of the Committee to include Higher Education. This subject will continue to be included in the remit of the Enterprise and Business Committee, with both committees looking at Higher Education from their particular perspectives. The Committee was previously known as the Children and Young People Committee.

Current Committee membership



Ann Jones (Chair)
Welsh Labour
Vale of Clwyd



Angela Burns
Welsh Conservatives
Carmarthen West and South
Pembrokeshire



Keith Davies
Welsh Labour
Llanelli



Suzy Davies
Welsh Conservatives
South Wales West



John Griffiths
Welsh Labour
Newport East



Bethan Jenkins*
Plaid Cymru
South Wales West



Lynne Neagle
Welsh Labour
Torfaen



David Rees
Welsh Labour
Aberavon



Aled Roberts
Welsh Liberal Democrats
North Wales



Simon Thomas
Plaid Cymru
Mid and West Wales

* The Bill was proposed by Bethan Jenkins AM, and she therefore absented herself from meetings at which the Bill was discussed.

The following Member was also a member of the Committee during this inquiry:



Rebecca Evans
Welsh Labour
Mid and West Wales

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The Committee's Key Conclusions and Recommendations

At the outset of its Stage 1 consideration, the Committee agreed its terms of reference which included consideration of the general principles of the Bill and whether there was a need for legislation to deliver the Bill's stated policy objectives.

The Committee has been clear in its view throughout its consideration that it supported the primary policy objectives set out in the Bill, which are 'to equip people in Wales with the necessary financial knowledge and capability they need to manage their financial circumstances effectively'.

This general support was echoed in evidence the Committee received. However, the weight of evidence received suggested that substantial work was being undertaken in this area; and that legislation was already in place that would enable much of the Bill's policy objectives to be met.

On the basis of the evidence received, the Committee has concluded that legislation is not necessary to deliver stated policy objectives of the Bill. The Committee's report reflects those conclusions.

However, should the Bill proceed to Stage 2, the Committee believes that there needs to be considerable thought given to specific provisions within the Bill, to help ensure the legislation best achieves the policy objectives. Therefore, the report contains specific recommendations in this respect, along with general recommendations for the Welsh Government.

Conclusions

Conclusion 1: The Committee acknowledges that there are very poor levels of financial literacy in Wales and a need for action to address this issue. However, the Committee recognises that the weight of evidence presented does not suggest that there is a specific need for legislation to make financial education a part of the basic curriculum. (Page 13)

Conclusion 2: The Committee recognises that the weight of evidence it has received does not suggest that there is a specific need for legislation at this time to make financial inclusion strategies a statutory requirement. (Page 16)

Conclusion 3: Given the fact that there are extensive sources of advice on financial management already available, some of which are supported by the Welsh Government, the Committee believes that Section 12 of the Bill is not necessary. (Page 18)

Conclusion 4: Given the evidence presented that there is no relationship between local authorities and further and higher education institutions, the Committee believes that the provisions with section 13 of the Bill should not be supported. (Page 19)

Conclusion 5: Given the evidence received that most looked after children are educated at mainstream school and that there are existing legislative powers to provide for financial education for care leavers, the Committee is not convinced that the provisions within the Bill are necessary. (Page 25)

Recommendations

Recommendation 1: The Minister for Education and Skills should ensure that measures are put in place to enhance the teaching and consistency of provision of financial education in schools. (Page 13)

Recommendation 2: The Minister should ensure that financial education should be part of the basic curriculum, with cross-curriculum teaching and not a standalone subject. (Page 21)

Recommendation 3: The Bill should be amended to ensure that provisions relating to financial education should begin for pupils from the Foundation Phase onwards. (Page 22)

Recommendation 4: The reporting arrangements should be less frequent than the annual cycle currently proposed on the face of the Bill. (Page 23)

Recommendation 5: The provisions in the Bill relating to reporting should be more prescriptive and should require outcomes, such as the monitoring of behaviours and skills, to also be measured. (Page 23)

Recommendation 6: The Welsh Government should take action at a national level to facilitate financial inclusion, such as through updating its national Financial Inclusion Strategy. (Page 27)

Recommendation 7: The Welsh Government should work to address the strategic promotion of financial inclusion by local authorities. (Page 27)

Introduction

Background

1. On 15 July 2014, Bethan Jenkins AM, introduced the Financial Education and Inclusion (Wales) Bill¹ (“the Bill”) and made a statement² in plenary³ the following day.

2. At its meeting on 1 July 2014, the National Assembly’s Business Committee agreed to refer the Bill to the Children, Young People and Education Committee (“the Committee”) for consideration of the general principles (Stage 1), in accordance with Standing Order 26.9. The Business Committee agreed that the Committee should report to the Assembly by 14 November 2014.

Terms of scrutiny

3. The Committee agreed the following framework within which to scrutinise the general principles of the Bill:

4. To consider:

- the general principles of the Financial Education and Inclusion (Wales) Bill and whether there is a need for legislation to deliver the Bill’s stated policy objectives;
- the key provisions set out in the Bill and whether they are appropriate to deliver its stated purposes;
- potential barriers to the implementation of the key provisions and whether the Bill takes account of them;
- the financial implications of the Bill, as set out in Part 2 of the Explanatory Memorandum (the Regulatory Impact Assessment, which estimates the costs and benefits of implementation of the Bill); and
- the appropriateness of the powers in the Bill for Welsh Ministers to make subordinate legislation (as set out in Page 51 of the Explanatory Memorandum).

¹ [Financial Education and Inclusion \(Wales\) Bill](#)

² [Record of Proceedings, 16 July 2014](#)

³ A full meeting of the National Assembly for Wales

The Committee's approach

5. The Committee issued a consultation and invited key stakeholders to submit written evidence to inform the Committee's work. A list of the consultation responses is attached at Annexe A.
6. The Committee took oral evidence from a number of witnesses. The schedule of oral evidence sessions are attached at Annexe B. Full transcripts of these sessions is available on the Assembly's website at:
www.senedd.assemblywales.org/mgIssueHistoryHome.aspx?Ild=9333
7. The following report represents the conclusions and recommendations the Committee has reached based on the evidence received during the course of their work.
8. This report does not comment on all sections of the Bill. Where no comment is offered on a particular section, it can be assumed that the Committee is content with the provisions as drafted within the Bill.
9. The Committee would like to thank all those who have contributed to its scrutiny of the general principles of the Bill.

General principles and the need for legislation

The National Assembly's legislative competence to make the Bill

10. The Explanatory Memorandum⁴ ("EM") states:

"The legislative competence enabling the National Assembly for Wales to make an Act in relation to financial education and inclusion is contained in Part 1 of Schedule 7 to the Government of Wales Act 2006.

"In particular, subject 5 (education and training) is directly relevant as is subject 12 (local government) which governs the powers and duties of local authorities. Heading 15 (social welfare) governs the protection and well-being of children as well as the care of children and vulnerable persons."

11. The Presiding Officer issued a statement on 15 July 2014,⁵ which stated in her opinion that the Bill would be within the legislative competence of the National Assembly for Wales.

General principles

12. The Bill's primary policy objective is to equip people in Wales with the necessary financial knowledge and capability they need to manage their financial circumstances effectively. In bringing forward the Bill, Bethan Jenkins has also indicated that the proposals will help to increase prosperity in Wales by improving the financial education and capability of its citizens.

13. The Explanatory Memorandum (EM) states that the Bill's proposals fall into three broad categories and that the Bill will:

- improve financial capability amongst school-age (ages 7-16) children and young people by making it a legal requirement that financial education is included in the school curriculum (sections 4 to 7 in the Bill);
- strengthen the role of local authorities in helping people to avoid falling into financial difficulty, by requiring local authorities to adopt a financial inclusion strategy (sections 8 to 10 in the Bill);

⁴ [Explanatory Memorandum, paragraph 10 & 11](#)

⁵ [Presiding Officer's Statement](#)

- give local authorities duties in respect of providing advice and arranging for advice about financial management, both generally and specifically to looked after children aged 16 or 17, to former looked after children and to students (sections 11 to 13 in the Bill).

The need for legislation – financial education as part of the basic curriculum

14. At the outset of its Stage 1 consideration, the Committee was clear in its view that it supported the basic principle of the need for financial education. This principle has been supported by all those who have provided oral evidence to the Committee. However, none of those providing oral evidence thought that making it a part of the basic curriculum was necessary.

15. In summary, the reasons put forward by those who suggested that there is no need for legislation included:

- financial education is currently being delivered in the curriculum, through PSE and maths and the Literacy and Numeracy Framework (LNF);
- recent and upcoming changes (LNF and maths GCSEs) provide greater provision for financial education;
- legislation would not ensure that young people would become financially capable; and
- legislation may pre-empt the findings and outcome of the Donaldson Review.

16. Those giving oral evidence generally agreed that while provision in schools across Wales may be patchy, further legislation would not necessarily improve consistency. Estyn stated that inconsistencies are due to the process of delivery and not the statutory basis of financial education. These views were echoed by the National Association of Head Teachers who suggested that 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.

17. A number of others responding to the written consultation considered that there was a need for legislation. These included the Children's Commissioner for Wales,⁶ Conwy⁷ and Flintshire⁸ local authorities, Action for

⁶ Written evidence, Children's Commissioner for Wales: [FEI 24](#)

⁷ Written evidence, Conwy County Borough Council: [FEI 15](#)

⁸ Written evidence, Flintshire County Council: [FEI 18](#)

Children⁹ and NIACE Dysgu Cymraeg¹⁰ and the Association of British Credit Unions Limited (ABCUL)¹¹.

18. Those supporting the need for legislation suggested that given the time pressure on the curriculum, there is a need for a legislative base for financial education (the Money Charity).¹² The National Union of Teachers (NUT)¹³ said that legislation could provide a more coherent picture of how financial education should be delivered.

Evidence from the Member in Charge

19. In her evidence to the Committee,¹⁴ Bethan Jenkins responded to concerns about the need for legislation by saying that:

- the proposed Bill complements and strengthens current provisions;
- financial education needs to be included specifically in legislation to ensure that it is not lost or diluted in the future, and any proposals for change would be subject to Assembly scrutiny;
- the Bill will provide for monitoring and reporting arrangements to be put in place to provide checks and balances to ensure consistency of provision;
- the proposed Bill could strengthen any recommendations from the Donaldson Review; and
- ITT providers have suggested that they have received no guidance in support of teaching the LNF.

Committee View

20. The evidence received by the Committee from stakeholders across the sector showed a split in opinion as to whether there was a need for legislation relating to financial education.

21. The Committee acknowledges that there are very poor levels of financial literacy in Wales, and there is a need for action to meet the issues that the Bill is attempting to address. However, the Committee recognises that the

⁹ Written evidence, Action for Children: [FEI 25](#)

¹⁰ Written evidence, National Voice for Lifelong Learning – NIACE Cymru: [FEI 21](#)

¹¹ Written evidence, Association of British Credit Unions Limited: [FEI 05](#)

¹² Written evidence, The Money Charity: [FEI 13](#)

¹³ Written evidence, NUT Cymru: [FEI 01](#)

¹⁴ Oral evidence, 17 September 2014, [Record of Proceedings](#); and 9 October 2014, [Record of Proceedings](#)

weight of evidence presented does not suggest there is a specific need for legislation to make financial education a part of the basic curriculum.

22. Notwithstanding the introduction of the LNF, the introduction of revised maths GCSEs and the timing of the Donaldson Review, the evidence also supports the view that teaching of financial education is inconsistent across Wales. The Committee therefore believes that the Minister for Education and Skills should ensure that measures are put in place to enhance the teaching and consistency of provision of financial education in schools.

Conclusion 1: The Committee acknowledges that there are very poor levels of financial literacy in Wales and a need for action to address this issue. However, the Committee recognises that the weight of evidence presented does not suggest that there is a specific need for legislation to make financial education a part of the basic curriculum.

Recommendation 1: The Minister for Education and Skills should ensure that measures are put in place to enhance the teaching and consistency of provision of financial education in schools.

The need for legislation - financial inclusion strategies

23. The Committee heard a variety of views on the need for financial inclusion strategies to be a statutory requirement. While the majority of the oral evidence did not support this proposal, opinion was more divided in the written evidence.

24. The Explanatory Memorandum makes it clear that the requirement in Section 8 of the Bill to produce a strategy could be fulfilled through a broader strategic plan, if that was included within guidance from Welsh Ministers. Many witnesses, both those who opposed and who were supportive of this part of the Bill, agreed with this and saw ‘Single Integrated Plans’ as one way to consider financial inclusion strategically, and in a local context, rather than through a separate strategy.

25. In considering this, the committee looked at mechanisms currently in place. Community Strategies are currently reflected in an area’s Single Integrated Plan, and these can be used to help address financial inclusion.

26. Community Strategies will be repealed by the Well-being of Future Generations Bill and replaced by local well-being plans. However, there is currently no explicit reference in the Well-being of Future Generations Bill or the accompanying Explanatory Memorandum to financial inclusion.

27. A number of witnesses, such as ABCUL¹⁵ and Community Housing Cymru,¹⁶ supported having a specific strategy to address financial inclusion, and the Auditor General¹⁷ could “see merit in requiring local authorities to adopt a financial inclusion strategy that sets out how they will use their powers”.

28. The Committee heard evidence that few local authorities currently have a financial inclusion strategy, although there is a national strategy from the Welsh Government which has not been updated for some time. The Committee received written and oral evidence that local authorities are already undertaking a variety of work around financial inclusion issues, although the type of work undertaken appeared to vary considerably between areas.

¹⁵ Written evidence, Association of British Credit Unions: [FEI 05](#)

¹⁶ Written evidence, Community Housing Cymru: [FEI 14](#)

¹⁷ Written evidence, Auditor General for Wales: [FEI 17](#)

29. In her written evidence,¹⁸ the Minister for Communities and Tackling Poverty stated that local authorities can currently use their existing powers to produce a financial inclusion strategy and that the Welsh Government could issue guidance for local authorities that addresses financial inclusion in that context, although she did not intend to do so.

30. In summary, evidence provided by witnesses for not supporting the need for financial inclusion strategies to be a statutory requirement included that:

- local authorities already undertake a significant amount of work in this area;
- existing powers and strategic planning could be used to deliver the same outcomes; and
- new legislation would create extra burdens on local authorities at a time when budgets are already subject to significant pressures.

Evidence from the Member in Charge

31. In her final appearance before the Committee,¹⁹ Bethan Jenkins made a number of remarks relating to the requirement in the Bill for financial inclusion strategies, including:

- there should be a duty in law for local authorities to address financial inclusion strategically, but the Bill is not prescriptive about this being a separate strategy;
- the Welsh Government could issue guidance and then confer duties on local authorities via the Single Integrated Plan, as it currently does with Community Plans, so that it would be part of a wider strategy;
- that a standalone strategy would, however, provide the focus that the issue needed.

Committee view

32. The evidence received by the Committee from stakeholders across the sector again demonstrated a split in opinion as to whether there was a need for legislation relating to financial inclusion strategies.

¹⁸ Written evidence, Minister for Communities and Tackling Poverty: [FEI 12](#)

¹⁹ Oral evidence, 9 October 2014, [Record of Proceedings](#)

33. The Committee accepts that, as set out in the Explanatory Memorandum, the requirement in Section 8 of the Bill to produce a strategy could be fulfilled through a broader strategic plan, should Welsh Ministers provide direction on this through guidance. The Committee acknowledged that many witnesses agreed with this.

34. The Committee was concerned that few local authorities currently have a financial inclusion strategy, and that although there is a national strategy, this had not been updated for some time. The Committee was also concerned that work undertaken by local authorities around financial inclusion issues, appeared to vary considerably between areas.

35. The Committee welcomed the Minister's evidence that local authorities can currently use their existing powers to produce a financial inclusion strategy and that the Welsh Government could issue guidance for local authorities that addresses financial inclusion in that context. The Committee was disappointed, however that the Minister did not intend to do so, and believes that, should the Bill not be enacted, the Minister should bring forward such guidance.

36. While it is clear that there are mechanisms in place that allow local authorities to address financial inclusion issues, through local and national strategies, the Committee acknowledges that work within local authorities on this issue varies considerably. However, the Committee recognises that the weight of evidence it has received does not suggest that there is a specific need for legislation at this time to make financial inclusion strategies a statutory requirement.

Conclusion 2: The Committee recognises that the weight of evidence it has received does not suggest there is a specific need for legislation at this time to make financial inclusion strategies a statutory requirement.

The need for legislation – advice about financial management

Information about sources of advice

37. The Committee has heard the following concerns in evidence in relation to information about sources of advice:

- there is a need for care about the types of organisation that people would be signposted to and a need to ensure impartiality of the advice;
- there may be problems with providing good quality up-to-date information;
- as financial advice is a highly regulated field, there would be issues with local authorities providing advice themselves;
- whether setting up 22 independent providers of advice would be the right thing to do; and
- there are doubts that having a list of other available resources on the local authority website has the desired effect of improving financial inclusion in an area.

38. In written evidence, the Auditor General²⁰ also expressed concerns about availability of specialist advice services in the current economic climate “which will undermine deliverability”.

39. The Minister for Communities and Tackling Poverty²¹ has stated that there is already advice about financial management available, and that this would be underpinned by the forthcoming Framework of Standards for Advice and Information.

Evidence from the Member in Charge

40. In her evidence, Bethan Jenkins has stated that:

- the Bill promotes understanding rather than promoting particular financial products;
- a local authority could discharge its duty by signposting people to existing advice services and she is supportive of the Bill being amended at Stage 2 to require local authorities to go further than

²⁰ Written evidence, Auditor General for Wales: [FEI 17](#)

²¹ Written evidence, Minister for Communities and Tackling Poverty: [FEI 12](#)

simply placing information on their websites, for example through mobile applications and other digital media;

- local authorities who provide advice themselves would need to follow current regulation standards. Authorities would not be obliged to exercise this power.

Committee view

41. The Committee is concerned about the potential difficulties for local authorities in providing advice, as highlighted in paragraph 37. The Committee also acknowledges the evidence provided that there are extensive sources of advice on financial management already publically available, some of which are already supported by the Welsh Government.

Conclusion 3: Given the fact that there are extensive sources of advice on financial management already available, some of which are supported by the Welsh Government, the Committee believes that Section 12 of the Bill is not necessary.

Advice for students

42. The provisions in the Bill require local authorities to take reasonable steps to ensure that universities and further education corporations provide advice about financial management to students.

43. The Committee has heard in oral evidence that local authorities have no direct relationship with such institutions, and that the purpose of the provision is unclear. It is also not certain whether the provisions of the Bill would have an effect on the autonomy of institutions.

44. In their consultation response, ColegauCymru²² said that the provisions relating to further education are inappropriate as local authorities have no jurisdiction over further education colleges.

45. The Minister for Education and Skills²³ stated that he would not be prepared to consider providing advice for students as the costs would be prohibitive.

²² Written evidence, CollegesWales/ColegauCymru: [FEI 22](#)

²³ Oral evidence, 1 October 2014, [Record of Proceedings](#)

Evidence from the Member in Charge

46. In her written evidence,²⁴ Bethan Jenkins states that local authorities would only be required to take reasonable steps. In her oral evidence²⁵ Bethan Jenkins said:

- students were specifically included as she wanted to ensure that all young people were provided for;
- student unions and welfare officers are overstretched;
- if students contacted a local authority they should be able to access advice;
- the duty to take ‘reasonable steps’ was an attempt not to be too prescriptive; and
- she has had some initial contact with the Students Loan Company in relation to them providing advice to students.

47. Bethan Jenkins also stated that she would consider the possibility that advice to students could be included as part of a local authority’s financial inclusion strategy.

Committee view

48. The Committee agrees with the evidence provided that there is no relationship between local authorities and further and higher education institutions. As such, the committee believes that the provisions in section 13 of the Bill are inappropriate and should not be supported.

Conclusion 4: Given the evidence presented that there is no relationship between local authorities and further and higher education institutions, the Committee believes that the provisions in section 13 of the Bill should not be supported.

²⁴ [CYPE\(4\)-24-14 – Paper 1](#)

²⁵ Oral evidence, 9 October 2014, [Record of Proceedings](#)

Specific Provisions within the Bill

49. Much of the evidence heard by the Committee suggests that there is no need for this legislation (particularly in relation to the education elements of the Bill). However, should the Bill proceed to Stage 2, the Committee believes that there needs to be considerable thought given to specific provisions within the Bill.

Financial education as part of the basic curriculum

50. The intention in the Bill is that financial education should be part of the basic curriculum (such as PSE), with a non-statutory framework and not a stand-alone subject. The Explanatory Memorandum states:

“This does not mean that it would have to be delivered in isolation or even as a separate subject. In fact, this Bill envisages it being delivered through existing areas of the school curriculum such as mathematics and the LNF, and forthcoming changes such as the mathematics numeracy GCSE.”

51. The OECD publication, *PISA 2012 Results in Focus (2014)*²⁶ stated that in relation to incorporating financial literacy within the curriculum or having it as a standalone subject:

“PISA 2012 financial literacy assessment cannot provide conclusive evidence on which of these strategies, or what combination of them, yields superior outcomes in financial literacy.”

52. In evidence to the Committee, Citizens Advice Cymru²⁷ and the Chief Inspector of Education and Training²⁸ stated that financial education should be a cross-curricular, rather than standalone subject. ASCL²⁹ said that if it is a cross-curricular subject, there will be more opportunities to reinforce teaching.

53. In her oral evidence,³⁰ Bethan Jenkins said that she wanted to include financial education as a cross-curricular subject to ensure flexibility and avoid squeezing the curriculum.

²⁶ [PISA 2012 Results in Focus \(2014\)](#)

²⁷ Oral evidence, 1 October 2014, [Record of Proceedings](#)

²⁸ *Ibid*

²⁹ Oral evidence, 25 September 2014, [Record of Proceedings](#)

³⁰ Oral evidence, 9 October 2014, [Record of Proceedings](#)

Committee view

54. The Committee acknowledges Bethan Jenkins' intention that she would want to include financial education as a cross-curricular subject. The Committee believes that this would be the best approach, and would provide the flexibility needed to enable the teaching of financial education.

Recommendation 2: The Minister should ensure that financial education should be part of the basic curriculum, with cross-curriculum teaching and not a standalone subject.

Key Stage 2

55. The Bill as drafted makes provision for financial education for all registered pupils during Key Stage 2, 3 and 4. However, in evidence to the Committee, the Association of British Credit Unions,³¹ the Money Advice Service,³² Citizens Advice Cymru,³³ ADEW,³⁴ Estyn³⁵ and the Minister for Education and Skills³⁶ all agreed that financial education should begin earlier than Key Stage 2. The Money Advice Service suggested in oral evidence³⁷ that:

‘...the Bill was deficient in this respect as attitudes towards money are formed by the age of seven’.

56. In her first oral evidence to the Committee,³⁸ Bethan Jenkins explained that in her evidence gathering, there had been no clear consensus on the age at which financial education should begin and that children under the age of seven already have some financial education through the LNF.

57. In her second oral evidence,³⁹ Bethan Jenkins said that the decision to include financial education from Key Stage 2 onwards was on the basis of evidence that she had received through a survey of young people. Although she agreed that provisions could relate to children at an earlier age, Bethan Jenkins advised that there may be additional costs associated with this.

³¹ Oral evidence, 25 September 2014, [Record of Proceedings](#)

³² Oral evidence, 1 October 2014, [Record of Proceedings](#)

³³ *ibid*

³⁴ Oral evidence, 17 September 2014, [Record of Proceedings](#)

³⁵ Oral evidence, 1 October 2014, [Record of Proceedings](#)

³⁶ *ibid*

³⁷ *ibid*

³⁸ Oral evidence, 17 September 2014, [Record of Proceedings](#)

³⁹ Oral evidence, 9 October 2014, [Record of Proceedings](#)

Committee view

58. On the basis of the evidence received, the Committee believes that provisions relating to financial education should begin for pupils from the Foundation Phase onwards, and that the Bill should be amended to extend provision to this earlier stage.

Recommendation 3: The Bill should be amended to ensure that provisions relating to financial education should begin for pupils from the Foundation Phase onwards.

Reporting

59. In her oral evidence to Committee,⁴⁰ Bethan Jenkins stated that there is a need to be able to monitor progress in the delivery of financial education and that providing for it in legislation is the best way for this to be achieved. The Bill as drafted currently provides for the Welsh Ministers to prepare an annual report in this respect.

60. In her written evidence,⁴¹ Bethan Jenkins considered that the current processes identified by the Minister were not sufficient, and that a specific requirement to report on financial education would be an additional safeguard. She did however suggest that less frequent reporting could be more practical and beneficial in terms of analysing trends and that this could be effectively undertaken every three years.

61. Other evidence provided to the Committee suggested that:

- monitoring arrangements of the LNF are already in place through schools' annual report to parents, through the soon to be introduced Mathematics – Numeracy GCSE and through the Estyn annual report on education and training;
- it was questionable whether an annual report would show significant progress over the previous year; and
- there should be greater prescription on the monitoring of behaviours and skills.

⁴⁰ Oral evidence, 17 September 2014, [Record of Proceedings](#)

⁴¹ [CYPE\(4\)-24-14 – Paper 1](#)

62. In her second oral evidence to the Committee,⁴² Bethan Jenkins responded to specific points raised confirming that:

- she would be content to amend the reporting provisions within the Bill given Estyn's evidence that it would be difficult to track progress over a year;
- despite the Minister for Education and Skills' suggestion that arrangements for reporting were in place, financial education had not been mentioned in the most recent Estyn Annual Report, nor was it included in Estyn's inspection guidance; and
- she did not, however, want to be prescriptive in the content of the report in relation to monitoring of behaviours or skills.

Committee view

63. The Committee agrees with the general principle within the Bill requiring reporting arrangements. However, the Committee believes that such arrangements should be less frequent than the annual reporting cycle currently proposed on the face of the Bill.

64. The Committee also believes that the reporting provisions in the Bill should be more prescriptive and should require outcomes, such as the monitoring of behaviours and skills, to also be measured.

Recommendation 4: The reporting arrangements should be less frequent than the annual cycle currently proposed on the face of the Bill.

Recommendation 5: The provisions in the Bill relating to reporting should be more prescriptive and should require outcomes, such as the monitoring of behaviours and skills, to also be measured.

Looked After Children

65. As drafted, the Bill contains two provisions which relate to looked after children. These are:

- that local authorities have a duty to ensure that looked after children receive appropriate financial education; and
- local authorities must ensure that category 1, 2 or 3 looked after children should receive advice about financial services and financial management.

⁴² Oral evidence, 9 October 2014, [Record of Proceedings](#)

66. The Committee has heard in oral evidence from ADEW,⁴³ the Wales Cooperative Centre,⁴⁴ the Minister for Communities and Tackling Poverty⁴⁵ and Estyn⁴⁶ that, as the majority of looked after children are in mainstream education, legislation would not change the provision that they already receive.

67. Citizen's Advice Cymru⁴⁷ suggested that while looked-after children and people who have left care often are at a particular disadvantage, there was inconsistent delivery of financial education by local authorities as corporate parents.

68. Action for Children⁴⁸ stated that the Bill provides an opportunity to ensure those amongst the most vulnerable children and young people are better prepared for their futures at an earlier stage. The Children's Commissioner for Wales⁴⁹ also welcomed these provisions.

69. The Committee received relatively little written evidence in relation to the provisions concerning advice to looked after children. In written evidence, the Children's Commissioner⁵⁰ supported the provisions, but Wrexham⁵¹ and Conwy⁵² local authorities did not, saying that good practice enables such advice to looked after children and it may be problematic to provide advice to care leavers. The Minister for Health and Social Services⁵³ stated that provisions already exist for those in care or leaving care.

70. The Committee has received both oral and written evidence that there are currently legislative provisions, including through the Social Services and Well-being (Wales) Act, to impose a requirement on local authorities to provide financial education for looked after children and those leaving care.

71. In her written⁵⁴ and oral evidence,⁵⁵ Bethan Jenkins acknowledges this but states that the Bill would act as an additional safeguard for a vulnerable group of people.

⁴³ Oral evidence, 17 September 2014, [Record of Proceedings](#)

⁴⁴ *Ibid*

⁴⁵ Oral evidence, 1 October 2014, [Record of Proceedings](#)

⁴⁶ *Ibid*

⁴⁷ *Ibid*

⁴⁸ Written evidence, Action for Children: [FEI 25](#)

⁴⁹ Written evidence, Children's Commissioner for Wales: [FEI 24](#)

⁵⁰ *Ibid*

⁵¹ Written evidence, Wrexham County Borough Council: [FEI 23](#)

⁵² Written evidence, Conwy County Borough Council: [FEI 15](#)

⁵³ Written evidence, Minister for Education and Skills: [FEI 11](#)

⁵⁴ [CYPE\(4\)-24-14 - Paper 1](#)

⁵⁵ Oral evidence, 9 October 2014, [Record of Proceedings](#)

Committee view

72. The Committee strongly supports the principle of providing advice and financial education to looked after children. However, the Committee agrees with evidence received that as most looked after children are educated at mainstream school, the inclusion of such legislation would not change the provision that they already receive.

73. The Committee was concerned that evidence suggested that there was inconsistent delivery of financial education by local authorities as corporate parents, and believes that Corporate Parenting Panels should recognise the role they must play in promoting financial education for looked after children.

74. The Committee also agrees that there are existing legislative powers, including through the Social Services and Well-being (Wales) Act, to provide for financial education for care leavers. While we acknowledge that the Bill may provide an additional safeguard, the Committee believes that this is unnecessary given the duties already in place on local authorities through other legislation.

Conclusion 5: Given the evidence received that most looked after children are educated at mainstream school and that there are existing legislative powers to provide for financial education for care leavers, the Committee is not convinced that the provisions within the Bill are necessary.

Financial Inclusion Strategies

75. As drafted, the Bill places a duty on a local authority to prepare and publish a financial inclusion strategy, and specifies what the contents of such a strategy must include.

76. The Committee has considered the wider question about whether there is a need for legislation in relation to financial inclusion strategies, the Committee's conclusions in this respect are set out in paragraphs 23 to 36 of this report. However, specific matters were raised during Stage 1, that need to be considered should the Bill progress.

77. In oral evidence the Committee heard that:

- there are already frameworks for local authorities to address financial inclusion at a local level, for example through Single Integrated Plans;

- that the whole of a local authority needs to consider financial inclusion and there is a danger that legislation would make it one person's responsibility rather than the whole authority - financial inclusion needs to be a cross-cutting issue; and
- ABCUL⁵⁶ suggested that if financial inclusion is prioritised by local authorities, this would help with consistency of provision.

78. The Money Advice Service⁵⁷ did not support the need for financial inclusion strategies as there are so many imminent changes and strands of work, including the Well-being of Future Generations (Wales) Bill, the Gender-based Violence, Domestic Abuse and Sexual Violence (Wales) Bill.

79. In oral evidence the Minister for Communities and Tackling Poverty⁵⁸ did not support the need for legislation, and said that it would add extra burdens and bureaucracy. While she agreed that there were inconsistencies across Wales, the development of a Framework of Standards for Advice and Information was one of her priorities. The Minister also suggested that it would be more effective to consider partnership working.

80. In her written evidence,⁵⁹ the Minister stated that local authorities can currently use their existing powers to produce a financial inclusion strategy and that the Welsh Government could issue guidance for local authorities that addresses financial inclusion in that context, although she did not intend to do so.

81. In her written evidence,⁶⁰ Bethan Jenkins stated that:

- while technically, there may be legislation which would allow for local authorities to adopt their own financial inclusion strategies, given the inconsistencies in action across local authorities, the framework needs strengthening;
- legislation will oblige local authorities to focus on financial inclusion in a more strategic way;
- she would hope that local authorities would address issues in a cross-cutting manner and would expect this to be emphasised in guidance;
- Ministers could issue statutory guidance in respect of a local authority's financial inclusion strategy, similar to the guidance that

⁵⁶ Oral evidence, 25 September 2014, [Record of Proceedings](#)

⁵⁷ Oral evidence, 1 October 2014, [Record of Proceedings](#)

⁵⁸ *Ibid*

⁵⁹ Written evidence, Minister for Communities and Tackling Poverty: [FEI 12](#)

⁶⁰ [CYPE\(4\)-24-14 - Paper 1](#)

enables local authorities to combine strategies and plans within single integrated plans;

- a general overarching duty linking financial inclusion to wider strategic planning processes would be too indefinite and ambiguous to achieve the policy aims of the Bill.

82. As outlined earlier in the report, the committee has considered mechanisms currently in place for financial inclusion strategies. Community Strategies are currently reflected in an area's Single Integrated Plan, and these can be used to help address financial inclusion.

83. Community Strategies will be repealed by the Well-being of Future Generations Bill and replaced by local well-being plans. However, there is currently no explicit reference in the Well-being of Future Generations (Wales) Bill or the accompanying Explanatory Memorandum to financial inclusion.

Committee view

84. The Committee is concerned that the evidence received suggests that there are inconsistencies across local authorities in how financial inclusion strategies are approached and managed. The Committee believes that the Welsh Government should take action at a national level to facilitate financial inclusion, such as through updating its national Financial Inclusion Strategy.

85. The Committee also believes that the Welsh Government should work to address the strategic promotion of financial inclusion by local authorities.

Recommendation 6: The Welsh Government should take action at a national level to facilitate financial inclusion, such as through updating its national Financial Inclusion Strategy.

Recommendation 7: The Welsh Government should work to address the strategic promotion of financial inclusion by local authorities.

Annexe A - List of written evidence

The following people and organisations provided written evidence to the Committee. All written evidence can be viewed in full at:

www.senedd.assemblywales.org/mgConsultationDisplay.aspx?id=142

Organisation	Reference
NUT Cymru	FEI 01
Wales Co-operative Centre	FEI 02
Association of Directors of Education in Wales	FEI 03
Wales Illegal Money Lending Unit	FEI 04
Association of British Credit Unions	FEI 05
ASCL Cymru & NAHT Cymru	FEI 06
Citizens Advice Cymru	FEI 07
Estyn	FEI 08
Conwy BIG Community Voice	FEI 09
The Money Advice Service	FEI 10
Minister for Education and Skills	FEI 11
Minister for Communities and Tackling Poverty	FEI 12
The Money Charity	FEI 13
Community Housing Cymru Group	FEI 14
Conwy County Borough Council	FEI 15
City & County of Swansea – Swansea Financial Inclusion Steering Group	FEI 16
Auditor General for Wales	FEI 17
Flintshire County Council	FEI 18
Financial Inclusion Together Project Board	FEI 19

ATL Cymru	FEI 20
The National Voice for Lifelong Learning - NIACE Cymru	FEI 21
CollegesWales / ColegauCymru	FEI 22
Wrexham County Borough Council	FEI 23
Children's Commissioner for Wales	FEI 24
Action for Children	FEI 25
Minister for Public Services	FEI 26
Minister for Health and Social Services	FEI 27
Welsh Local Government Association	FEI 28

Annexe B - Witnesses

The following witnesses provided oral evidence to the Committee on the dates noted below. Transcripts of all oral evidence sessions can be viewed in full at:

www.senedd.assemblywales.org/mglIssueHistoryHome.aspx?IId=9333

17 September 2014

Bethan Jenkins AM, Member in Charge

Eifion Evans, Chair, Association of Directors of Education in Wales

Pierre Bernhard-Grout, Executive Officer, Association of Directors of Education in Wales

Jocelle Lovell, Project Manager, Wales Co-operative Centre

Dave Brown, Director for Strategy, Wales Co-operative Centre

25 September 2014

Robin Hughes, Secretary, ASCL Cymru

Dr Chris Howard, Acting Director, NAHT Cymru

Stephen Grey, Investigations Manager, Wales Illegal Money Lending Unit

Matt Bland, Policy Manager Association of British Credit Unions Limited

Delyth Shearing, Manager of Merthyr Tydfil Credit Union

1 October 2014

Lesley Griffiths AM, Minister for Communities and Tackling Poverty

Huw Lewis AM, Minister for Education and Skills

Welsh Government Officials

Lindsey Kearton, Policy Officer, Citizens Advice Cymru

Lee Phillips, Wales Manager, Money Advice Service

Ann Keane, HM Chief Inspector, Estyn

Meilyr Rowlands, Strategic Director

Catherine Evans, HM Inspector, Estyn

9 October 2014

Bethan Jenkins AM, Member in Charge