



Consultation on the Financial Education and Inclusion (Wales) Bill

Introduction

1. As the UK's financial capability charity we welcome the opportunity to submit evidence to the Committee on this Bill.
2. We believe that being on top of your money means you are more in control of your life, your finances and your debts, reducing stress and hardship. And that being on top of your money increases your wellbeing, helps you achieve your goals and live a happier more positive life as a result.
3. Our vision is for everyone to be on top of their money as a part of everyday life. So, we empower people across the UK to build the skills, knowledge, attitudes and behaviours, to make the most of their money throughout their lives.
4. We believe that financially capable people are on top of and make the most of their money in these 5 key areas:
 - Planning (including budgeting)
 - Saving
 - Debt
 - Financial services products
 - Everyday money (including wages, cash, bank accounts)
5. Since 2010 we have delivered workshops to over 90,000 young people across the UK, including more than 11,000 in Wales, helping them to understand and feel confident about money. We also offer training workshops to adults, and work with all areas of the financial services industry to improve outcomes for customers.
6. Overall we support the Bill and feel it will achieve its purposes, but there are areas that would benefit from further scrutiny by the Committee. Our comments are primarily related to the financial education content of the Bill, although where appropriate we have commented on other areas.

Is there a need for a Bill for these purposes?

7. Our direct experience with young people suggests that a Bill is needed to improve the financial education of young people in Wales.
8. While elements of financial education are currently included in maths, personal and social education, and careers and the world of work, we believe there is a need to raise its profile and focus attention on it within schools. As only a part of other subjects, financial education is not assessed, examined, or inspected, which understandably limits the priority it is given in schools despite its importance.
9. Given the time pressures on all schools, including financial education as a basic curriculum subject in its own right is an important step in improving its provision in schools. There is sustained demand for our young people's workshops in Wales, which suggests that schools do recognise the topic's importance and value, and our most recent evaluation of our workshops found that over 90% of students agreed that all students should see the presentations. This Bill would encourage more schools to see financial education as a key part of the education they provide.

Are the sections of the Bill as drafted appropriate to bring about the purposes described above? If not, what changes need to be made to the Bill?

10. We believe that the interpretation of 'financial management' and 'financial services' in Section 2 miss elements that are important for financial capability.
11. The interpretation of 'financial management' at present is limited to 'using financial services and managing debt'. While these are valuable elements of financial management, budgeting is central to financial capability and arguably the most important single financial management behaviour, so should be included under this. The definition of 'financial services' is generally appropriate, but should also include pensions and current accounts (which would include overdrafts) – these are both key ways in which people engage with their money and important aspects of financial services for young people to learn about.
12. Conversely, section 9(1) is quite detailed regarding the content of a local authority's financial inclusion strategy, and there is a risk that an unintended consequence of this would be to limit local authorities' support in this area to the specific examples in the section. Combined with the procedure for amending the content, this makes it difficult to address issues that might arise in future.
13. In our view a more high-level approach would better enable local authorities to fulfil the purpose of helping people avoid falling into financial difficulty based on their local circumstance, and allow them to more easily adapt the strategy to include additional products or issues that affect their citizens' financial capability.

How will the Bill change what organisations do currently and what impact will such changes have, if any?

14. The Bill would have implications for schools, Estyn, teacher training organisations and third-sector organisations that deliver financial education. We anticipate that the main impact of the Bill would be a greater focus on financial education in schools, which would have a consequential impact on training and professional development for teachers, as well as demand for external providers of financial education. The requirement to produce an annual report on the progress of financial education will also affect the body charged with producing this – in practice this is likely to be Estyn.

What are the potential barriers to implementing the provisions of the Bill (if any) and does the Bill take account of them?

15. One clear barrier to implementing the provisions of the Bill is funding, and there is no provision in the Bill for this. Simply requiring schools to teach financial education but providing no funding for resources, training, or external organisations to deliver financial education will greatly limit the effectiveness of a well-intentioned requirement.

Are there any other comments you wish to make about specific sections of the Bill?

16. Section 5 of the Bill amends section 108 of the Education Act 2002, and requires Welsh Ministers to consult relevant persons if an order is made that relates to financial education. However, this appears only to apply if they make an order altering a National Curriculum subject that in some way impacts on financial education. Particular as the explanatory memorandum states (paragraph 18) that it would be expected that Welsh Ministers would produce a non-statutory framework for financial education, we believe that a similar duty to consult should be placed upon Ministers before producing a framework for financial education.
17. Finally, we support the requirement in 12(1b) for a local authority to provide information on where to obtain advice about financial on request, but feel that local authorities should also be required to promote that information if an individual contacts them about a relevant issue (such as unemployment or in relation to council tax arrears).