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Consultation Document

Refreshing the Financial Inclusion Strategy for Wales 2016

Date of issue: **2 November 2015**

Action required: Responses by **4 January 2016**

Overview

The Welsh Government is consulting on its refreshed Financial Inclusion Strategy which will set out how Welsh Government aspires to work with partner organisations, both within Wales and at the UK level, to improve the financial capability of people in Wales, alongside improving access to financial services, financial information and advice.

This consultation document seeks views on the refresh of the Financial Inclusion Strategy for 2016.

How to respond

The consultation response form is available for completion at www.wales.gov.uk/consultations.

Please submit your comments by 4 January 2016, in any of the following ways:

Email

Financialinclusion@Wales.gsi.gov.uk

Please enter 'Consultation on refreshing the Financial Inclusion Strategy 2016' in the subject line.

Post

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Further information and related documents

Large print, Braille and alternative language versions of this document are available on request.

Data protection

How the views and information you give us will be used

Any response you send us will be seen in full by Welsh Government staff dealing with the issues which this consultation is about. It may also be seen by other Welsh Government staff to help them plan future consultations.

The Welsh Government intends to publish a summary of the responses to this document. We may also publish responses in full. Normally, the name and address (or part of the address) of the person or organisation who sent the response are published with the response. This helps to show that the consultation was carried out properly. If you do not want your name or address published, please tell us this in writing when you send your response. We will then blank them out.

Names or addresses we blank out might still get published later, though we do not think this would happen very often. The Freedom of Information Act 2000 and the Environmental Information Regulations 2004 allow the public to ask to see information held by many public bodies, including the Welsh Government. This includes information which has not been published. However, the law also allows us to withhold information in some circumstances. If anyone asks to see information we have withheld, we will have to decide whether to release it or not. If someone has asked for their name and address not to be published, that is an important fact we would take into account. However, there might sometimes be important reasons why we would have to reveal someone's name and address, even though they have asked for them not to be published. We would get in touch with the person and ask their views before we finally decided to reveal the information.

What are the main issues?

The Welsh Government is currently refreshing its Financial Inclusion Strategy, with a new Strategy to be published in 2016. As the existing Strategy was published in 2009, the refreshed Strategy will take into account the changes to the economy, welfare reform, concerns around high-cost credit and the ability of service providers to support people whilst their own resources are reducing.

A Ministerially agreed advisory group - the Financial Inclusion Development Group - has contributed to the development of the draft 2016 Strategy. The Welsh Government values this collaborative approach to ensure we have a strategy, supported by key partner organisations, which is practical and fit for purpose.

The draft 2016 Financial Inclusion Strategy sets out how Welsh Government aspires to work with partner organisations, both within Wales and at the UK level, and focused on three core themes:

- access to affordable credit and financial services;
- access to financial information, including debt advice; and
- building financial understanding and capability.

A draft Equalities Impact Assessment (EIA) for the refreshed Financial Inclusion Strategy is also published for consultation. The Welsh Government would welcome responses providing evidence for inclusion in the EIA to support the draft Strategy.

The 2016 Financial Inclusion Strategy will be supported by a Delivery Plan, which will be developed later in 2016.

Consultation response form

Your name:-

Organisation (if applicable):-

Email/telephone number:-

Your Address:-

Consultation Questions:

We have developed a number of key consultation questions we would like you to consider when you respond. These questions are :

- **Do you agree with our vision for financial inclusion?**
Yes / No
Please give the reasons for your response
- **Do you agree with our proposals for improving access to affordable credit and financial services?**
Yes / No
Please give the reasons for your response
- **Do you agree with our proposals for improving access to financial information, including debt advice?**
Yes / No
Please give the reasons for your response
- **Do you agree with our proposals for building financial understanding and capability?**
Yes / No
Please give the reasons for your response
- **We propose a collaborative approach for supporting financial inclusion for everyone in Wales. Do you agree with a collaborative approach? Do you have any additional suggestions for working together to support financial inclusion?**
Yes / No
Please provide details of any additional suggestions for working together to support financial inclusion in Wales.
- **Are there any other comments you would like to make on the draft Financial Inclusion Strategy?**
Yes / No
Comments

- **Do you wish to comment on or provide evidence for inclusion in the draft Equalities or Welsh Language Impact Assessments?**

Yes / No

If yes, please provide appropriate details and links to support your response

Responses to consultations are likely to be made public, on the internet or in a report. If you would prefer your response to remain anonymous, please tick here.

Ministerial Foreword

Tackling financial exclusion is a key priority for the Welsh Government. This work is even more important in these economically uncertain times where we need to prioritise the needs of the poorest and protect the most vulnerable against poverty and marginalisation.



Since we published our Financial Inclusion Strategy in 2009 the economic climate in the UK has had a direct impact on the ability of Welsh families to manage their household incomes. Combined with benefit reforms being introduced by the UK Government, debt and money advice services are becoming a more essential factor in the ongoing battle against over indebtedness and financial exclusion in Wales. Although we are unable to insulate the people of Wales from these external factors, the measures we have developed, and will continue to develop, will help those who have been struggling financially.

This refreshed Financial Inclusion Strategy sets out our ambition to support a well functioning, accessible and comprehensive financial system in Wales accessible to all. It will set out how Welsh Government aspires to work with partner organisations to help improve access to affordable credit and financial services and access to financial information, including debt advice. The Strategy also sets out the importance of all of this being underpinned by the need to improve financial capability in Wales. To be financially capable, a person needs the confidence, ability and motivation to apply the skills and knowledge to their own situation, in order to help them to better manage their finances and make more informed financial decisions.

The Strategy will build on work we have undertaken since 2009. For example, we have continued to support front line advice services but also established a National Advice Network to provide a more co-ordinated approach to service delivery and to develop a longer term plan for quality advice services in Wales, based on information about gaps in provision and people's needs. We have also continued to support Credit Unions as they strive to promote ethical and responsible lending to those who would be otherwise financially excluded. In addition, we have introduced arrangements, through our Discretionary Assistance Fund, to safeguard people in crisis by making available small value grant payments to people most in need.

I look forward to hearing your views on the proposals in this refreshed Strategy.

A handwritten signature in black ink that reads "Lesley Griffiths".

Lesley Griffiths AM

Minister for Communities and Tackling Poverty

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Introduction

In July 2009, the Welsh Government published its Financial Inclusion Strategy ‘*Taking Everyone Into Account*’ to focus efforts on improving access to financial services to financially excluded people in Wales. This remains a key objective of the Welsh Government and supports our aim of tackling poverty.

The economic and financial situation in Wales since the initial economic downturn of 2008 means financial exclusion remains a difficult problem to overcome. The effects of the recession and the UK Government austerity and welfare reform programmes have shown it is not only those who are financially excluded who have been struggling financially in recent years.

Being financially excluded mainly impacts people with low or unstable incomes, those most affected by welfare reforms or those who have experienced a significant unplanned event, including redundancy, which affects their day to day living. No matter how adept at budgeting people on low incomes are, one unexpected and expensive unplanned event can be catastrophic because they have little or no safety net to fall back on.

Financial exclusion can affect people at different times in their lives and people may move between being financially included or excluded numerous times depending on their circumstances. While support for those people financially excluded remains a priority, the financial inclusion agenda is wider than this. This is a universal strategy which covers all, from those currently in financial difficulty to those with money to invest. Good money management can mean many things – from living within your means to saving for short and long-term goals, to having a realistic plan to pay off your debts.

“Financial inclusion means belonging to a modern mainstream financial system that is fit-for-purpose for everyone, regardless of income. It is essential for anyone wanting to participate fairly and fully in everyday life. Without access to appropriate mainstream financial services, people pay more for goods and services and have less choice. The impacts of exclusion are not just financial but also affect education, employment, health, housing and overall well-being.” (UK Financial Inclusion Commission¹)

Underpinning financial inclusion is the need for digital inclusion, which provides the ability and confidence to access goods and financial services online for a wider range of options, including some not available in branch or store. Digital capability is becoming increasingly important for people to be able to make and manage claims for working age benefits online and to search for work.

This Financial Inclusion Strategy sets out how Welsh Government aspires to work with partner organisations – both within Wales and at the UK level – to improve access to affordable credit and financial services, improve access to financial information, including debt advice, and build financial understanding and capability,

¹ <http://www.financialinclusioncommission.org.uk/report>

so people will have the skills and knowledge to take full advantage of these improvements.

Some of the commitments identified in this Strategy relate to issues outside the control of Welsh Government and our partners within Wales. We will actively seek opportunities to engage and influence at a UK level to achieve our goals, whether this is with the UK Government on Welfare Reform or financial organisations in relation to access to services or affordability.

This Strategy is underpinned by the need to improve financial capability in Wales. While it is important to improve access to affordable credit, financial services, financial information and debt advice, it is important to remember the provision of a service doesn't mean people know about it, are inclined to use it or are able to use it to its best advantage.

The Welsh Government's Financial Inclusion Development Group (FIDG) has supported the development of this Financial Inclusion Strategy and will be responsible for overseeing progress against the Strategy's commitments, through a Delivery Plan which will take these forward. Members of the FIDG are drawn from organisations which Welsh Government expects to contribute to taking forward the Strategy's commitments, along with other partners.

In March 2015, the report of an independent body of experts from parliamentarians, the third sector and academia (funded by the financial services industry), the UK Financial Inclusion Commission, set out a series of recommendations aimed at the UK Government, but of benefit to the people of Wales. One recommendation was the development of a UK Financial Capability Strategy, co-ordinated by Money Advice Service (MAS). The UK Financial Capability Strategy, prepared by MAS, was launched on 28 October 2015.

The definition of financial capability used by MAS is broader than the one used by Welsh Government, which only covers the more historically understood knowledge, skills, attitudes and motivation elements as financial capability (referred to as Mindset and Ability by MAS). In addition to this, the MAS definition of financial capability also covers the access to financial services and products (referred to as Connection by MAS). The Welsh Government considers these to be key contributors to financial inclusion in their own right.

Following discussion with the FIDG, it has been agreed – where appropriate – to integrate elements of the Wales section of the MAS Financial Capability Strategy into the core themes of this Strategy.

Vision for Future

Our vision for Financial Inclusion is for everyone living in Wales to have access to appropriate and affordable financial services, be supported by quality assured information and advice services and have the financial capability and motivation to benefit from the financial services available to them.

In line with the view of the Financial Inclusion Commission, this means a Wales where:

- every adult and child receives the financial education he or she needs, starting in primary school and carrying on throughout life and into retirement;
- every adult has access to objective and understandable information and advice on credit, debt, savings and pensions, delivered at the time and via the channel most suited to an individual;
- every adult has access to a transactional account of their own and the ability to make full use of it;
- every adult has access to affordable and appropriate credit from responsible lenders;
- every adult is encouraged to save, even in small or occasional amounts, to show the importance of a savings culture, to build up resilience against financial shocks and as an additional resource for retirement;
- every adult has access to the right insurance cover for his or her needs, at a fair price.

Where are we now?

The 2009 Financial Inclusion Strategy and Action Plan set out actions under five core themes including improving access to mainstream services, access to affordable loans and savings, improving access to debt advice, financial literacy and capability, and income maximisation.

We have seen a number of significant achievements in relation to financial inclusion since the original Strategy's publication, including:

- introducing of the Discretionary Assistance Fund;
- supporting for front-line advice services to provide free and independent advice to people on their financial entitlements, debt and housing-related issues;
- supporting for the Better Advice: Better Lives project which helps to maximise income for people living in deprived areas of Wales;
- establishing a National Advice Network, bringing together key partners and stakeholders;
- supporting Credit Unions to help them continue to support financially excluded adult members and encourage junior members, with total membership increasing from almost 50,000 in 2010 to nearly 80,000 in June 2015.

Since the 2009 Financial Inclusion Strategy was published, the recession of 2008/09 has had a major impact in Wales in terms of unemployment and wages levels.

The Financial Inclusion Monitoring Report 2015², using datasets from the UK Data Service, states average hourly wages in the UK are still lower, in real terms, than before the recession and the majority of people in the UK (53% in 2015) were cutting back on their spending to make ends meet. *"Much of this economising is on non-essentials such as eating out and luxury food but one in ten are cutting back on heating and one in twenty on basic food items."*

Interest rates fell from 5 percent in 2008 to a historic low of 0.5 per cent by March 2009 and are still at that level in 2015. When interest rates begin to rise again, there are likely to be impacts across the economy. In particular, rising interest rates will impact on mortgages, which may lead to a rise in repossessions. It will not just be home owners who are affected. Those in the private rented sector may face problems resulting from landlord repossessions.

Across Great Britain, energy bills have risen by 13% in the last five years, meaning more households may be at risk of having to cut back on other priority spending or go into debt to pay their fuel bills.

In recent years, there has been an increase in demand for quick access, high-cost credit. New restrictions on payday lending have seen a shift towards loans being taken out through logbook and guarantor loans instead. There has been a corresponding increase in the number of companies offering high-credit loans in premises on Welsh high streets, alongside pawn-brokers and similar companies.

² Financial Inclusion Monitoring Report 2015, University of Birmingham & Friends Provident Foundation

Advice providers are reporting changes in the nature of debt problems their clients are seeking advice on, with increases in requests for advice on debts relating to household bills, including rent or council tax arrears and utility bills.

The National Survey of Wales³ shows 36 per cent of people had difficulty in paying bills and repaying loans, whether it was an occasional struggle or they had real financial problems. However, only 4 per cent of people who responded said they had used the services of organisations providing debt advice and support on debt problems in the previous year. This emphasises the need for increased awareness and access to specialist debt advice.

Welfare Reform

The UK Government's Welfare Reform Act 2012 legislated for the biggest change to the welfare system for over 60 years. The main elements of the Welfare Reform Act introduced two new benefits: Universal Credit (UC) which replaces six current Department for Work and Pensions (DWP) income related/based working age benefits for people in and out of work, and Personal Independence Payment (PIP).

The DWP started a limited programme of roll-out for UC in 2014. The national expansion of UC will include new single jobseeker claimants across the UK by March 2016. The DWP are currently further testing UC within Pathfinder job centres for wider claimant groups including families. UC claimant volumes are currently low in Wales.

The DWP have been working closely with UK Government departments, devolved administrations, local authorities and local authority representative bodies to develop a Universal Support Delivered Locally framework to support the more complex, vulnerable claimants in the transition from legacy benefits to UC. Trials including two in Wales (Blaenau Gwent and Carmarthenshire) have tested the supporting partnership arrangements for triage, financial (including personal budgeting support) and digital inclusion. The interim evaluation report is due to be published in Autumn 2015. At present, each local authority has in place a Delivery Partnership Agreement with their DWP District which will fund additional advisory, financial support over a 12 month period.

Personal Independence Payment (PIP) is a benefit for people aged 16 to 64 with a long-term health condition or disability. Claimants currently in receipt of Disability Living Allowance (DLA) have been required at the point of renewal to make a new claim for PIP. The DWP is gradually inviting DLA claimants with a long term or indefinite award to make a claim for PIP.

The UK Government's welfare policy changes which have been assessed so far, and which focus on working-age people, are estimated to reduce annual benefit and tax credit entitlements in Wales by around £900 million in 2015/16. Around half of this loss is due to the way benefits and tax credits are updated. Other large financial

³ National Survey for Wales: Headline Results, April 2014-March 2015 (revised)

losses arise from changes to disability and sickness benefits. Although losses will vary widely depending on individual circumstances, the average annual loss per working-age adult in Wales is estimated to be around £500 in 2015/16.

In July 2015 the UK Government announced further reductions of £12 billion a year by 2017/18 to the Annual welfare benefit expenditure as part of their Summer 2015 Budget. The Welsh Government's Ministerial Task and Finish Group on Welfare Reform has recently agreed a forward research programme, to assess the impact of the welfare reforms and consider likely impacts on different income groups, family types, and those with protected characteristics, amongst other areas of research.

What is the Welsh Government doing?

The **Well-being of Future Generations (Wales) Act** is about improving the social, economic, environmental and cultural well-being of Wales. It encourages Welsh Government and partner organisations to think more about the long-term, work better with people and communities and each other, look to prevent problems and take a more joined-up approach.

It is widely recognised that digital exclusion and financial exclusion are very closely linked. Financial inclusion activities are increasingly incorporated into **digital inclusion** activities as online budget management resources like 'Money Made Clear Wales' (run by the Wales Co-operative Centre) and use of price comparison sites are an excellent way of making new internet users see the benefits of being online. Also, the best financial products, with higher rates for savers and lower rates for borrowers, are often only available online. It is therefore not possible to be truly financially included if you cannot use the internet.

We are committed to tackling digital exclusion and will be revising **Delivering Digital Inclusion: A Strategic Framework for Wales** during winter 2015. The Digital Inclusion Delivery Plan sets out our aims to further reduce digital exclusion levels in Welsh adults.

In recent years, Not for Profit (NfP) advice providers have faced unprecedented challenges as a result of decreases in funding across Wales at a time of rising demand for their services as well as those in the public and private sector.

The Welsh Government **Advice Services Review**⁴ published in May 2013 explored how a stronger advisory network in Wales could be developed in Wales to ensure better coordination and collaboration between services. It looked particularly at Social Welfare advice, as advice on welfare benefits, debt, housing and employment are the areas of greatest demand for free advice services.

The Review made a number of recommendations around three themes:

- funding, commissioning and delivering advice services;

⁴ Advice Services Review <http://gov.wales/statistics-and-research/advice-services-review/?lang=en>

- developing advice networks;
- developing national standards for information and advice.

The Review called for funders to develop a joint understanding of issues and outcomes and for the Welsh Government to ensure ongoing coordination of all Welsh Government activity in relation to information, advice or guidance in order to develop a more joined up approach. The Review called for the Welsh Government to prioritise the funding of free and independent advice. Welsh Government responded with over £4 million invested in additional front-line advice services in the financial years 2014/15 and 2015/16.

The Better Advice, Better Lives (BABL) project has been funded by Welsh Government and managed by Citizens Advice Cymru since April 2012. BABL is an income maximisation programme, aimed at reducing poverty. It operates in every local authority area in Wales.

In 2014/15, BABL advisers helped over 18,700 people across Wales with more than 40,000 issues. The total benefit / financial gain for people and communities identified through the project in the year was £19.4 million.

In addition to reducing poverty, accessing their entitlements can also reduce the associated negative impact of poverty on people's health. Local economies also gain, from people spending money in the neighbourhood.

The National Advice Network has been established in 2015, bringing together key stakeholders including funders, advice providers, umbrella organisations and other partners to discuss the planning and delivery of national and local advice services to ensure individuals and families have access to good and accurate advice and support services.

The National Advice Network has been consulted on the development of this Strategy's core theme of access to financial information, including debt advice.

The Advice Services Review recognised a lack of consistency in the way information and advice services were quality assured and outcomes measured created further barriers to collaboration. The Review recommended the development of a Framework of Standards for Advice and Information based on existing quality marks and standards. It also recommended the development of a national register of advice providers who meet the Framework of Standards. These recommendations are addressed further within our advice theme.

The Welsh Government aims to tackle the current impacts of poverty and prevent poverty in the future. **Tackling poverty** is being taken forward by prioritising the needs of the poorest and protecting those most at risk of poverty and exclusion. The focus is on three actions: preventing poverty, helping people into work and improving the lives of people living in poverty.

Communities First is our community focused programme for tackling poverty. The programme supports the most disadvantaged people in the most deprived areas of Wales to make these communities more prosperous, healthier, more skilled and

better informed. The 52 Communities First Clusters deliver a range of projects and activities. Many of the projects impact on financial inclusion through providing outreach services for money and debt advice, training on money and debt matters and through links with local Credit Unions and advice agencies.

Supporting people into work is critical in lifting people out of poverty. A wide range of programmes, including **Communities for Work** and **Lift** are already delivering in Wales: providing support and working with people to increase their employability and address barriers to employment to enable them to access well-paid, sustainable employment.

We are committed to the ambition of eradicating child poverty by 2020. Child poverty in Wales remains stubbornly high, with approximately one in three children living in relative income poverty. The revised **Child Poverty Strategy**, published in March 2015, includes new objectives for improving the outcomes of children and young people living in low income households. One of these new objectives is “to support families living in poverty to increase household income through debt and financial advice, action to address the poverty premium (where households pay disproportionately more for goods and services) and action to mitigate the impacts of welfare reform”. This Revised Financial Inclusion Strategy is part of our response to delivering this new strategic objective.

Supporting parents to increase their income is a key part of tackling child poverty. Financial and digital inclusion initiatives can help mitigate the impact of poverty, by supporting and equipping families with the skills and resources to make their income go further. Action to address the poverty premium is especially important, as being excluded from mainstream services often means families living in poverty pay more for basic services such as fuel, food, housing and credit. Access to affordable financial and support for services providing information and advice on issues relating to debt, welfare reform, access to benefits, housing, money management, maximising your income and discrimination is critical. As is supporting children, young people and their families to increase their financial capability.

The new strategic objective in the Child Poverty Strategy is also particularly important for supporting those who are most at risk of living in low income households, which includes groups with certain protected characteristics. For example, evidence suggests families with disabled children and/or disabled parents often face increased living costs and these households are also disproportionately affected by recent welfare reforms⁵.

Through our **Warm Homes** programme, we have made considerable investment to address home energy efficiency in low income communities and households. This includes the **Nest** and **Arbed** schemes, and provides low income households with access to a range of free advice and support to people reduce their energy bills. The advice and support includes referral for a Benefits Entitlement Check, money management advice and Warm Home Discount rebate, amongst others, as well as a referral for eligible households for free home energy improvements. In particular, the

⁵ Driving down the extra costs disabled people face, Extra Costs Commission, June 2015

Nest scheme has Partner Development Managers, whose work has included building relationships and referral routes with partner organisations.

Our **Supporting People** programme provides housing-related support to help vulnerable people to live as independently as possible. The majority of people supported are older people, but the programme also supports households fleeing domestic violence, threatened with, or getting over, a period of homelessness, and people with mental health needs, substance misuse needs or a learning disability.

The **Renting Homes (Wales) Bill** will provide a means of improving security of tenure for people in Wales, as well as improving right to redress. The implementation of the **Housing (Wales) Act 2014** is the most radical reform to homelessness legislation in over thirty years and has greatly strengthened the range of help which people who are threatened with homelessness or are homeless receive, including assistance with housing-related debt and help in accessing affordable housing.

The **Social Services and Well-being (Wales) Act 2014** received Royal Assent on 1 May 2014. The Act forms the basis for a new statutory framework for social care in Wales. The Act will transform the way social services are delivered, promoting people's independence to give them stronger voice and control about their well-being. The Act includes a strong emphasis on prevention and a duty on local authorities to provide information, advice and assistance service within the new model of social care. This will be implemented from April 2016 and will include the development of an online portal relating to care and support.

Our vision is to provide a coherent and integrated curriculum and assessment framework for schools, which raises standards of achievement and widens education. Curriculum development and delivery is key to providing opportunities for learners to develop their skills and understanding in areas including financial education.

The Welsh Government will publish an implementation plan detailing how the **Successful Futures** recommendations will be taken forward. The design and development of the new curriculum, including **Areas of Learning and Experience** will be taken forward via the **Pioneer Schools Network**.

The **New Deal for the Education Workforce** will support and enable our teachers and support staff to access professional learning opportunities to develop their practice.

Working Together

Welsh Government currently works, and will continue to work, with partner organisations to tackle financial exclusion and work towards a more financially included society in Wales.

We recognise some of the commitments identified in this Strategy relate to issues outside the control of Welsh Government and our partners within Wales. We will actively seek opportunities to engage and influence at a UK level in order to achieve our goals, whether this is with the UK Government on Welfare Reform or financial organisations in relation to access to services or affordability.

The Welsh Government's Financial Inclusion Development Group (FIDG), drawn from the partner organisations and across Welsh Government, has supported the development of this Financial Inclusion Strategy. The Welsh Government proposes to review the membership and terms of reference of FIDG following publication of an agreed Financial Inclusion Strategy in 2016. The revised group will oversee the development of a Delivery Plan and be responsible for ensuring progress in taking forward the Strategy's commitments.

Just as there are many Welsh Government strategies and programmes already contributing to financial inclusion as part of their own aims, particularly around digital inclusion, tackling poverty and education reform, many partner organisations have their own programmes to promote financial inclusion. For example, Credit Unions and local Citizens Advice offices working with schools and housing associations working towards sustainable tenancies. There are also things people can do to help themselves, if we have helped them to be financially capable and confident, such as actively looking for ways to be "money savvy" and seek out the best prices or discounts for goods and services.

This Financial Inclusion Strategy for consultation has been developed at a time when other related work is also underway. Where necessary, the content of this Strategy will be revised following consultation to take account of relevant evidence and recommendations in other strategies before it is finalised and published in 2016. There will also be other strategies published in 2016, which have links to financial inclusion, and we will ensure as much consistency and alignment as possible. Of particular relevance are:

- Successful Futures implementation plan – developed by Welsh Government and due to be published this autumn;
- Credit Union Strategy for Wales – developed by the Credit Unions – likely to be published in February 2016;
- Advice Services Strategy for Wales – developed by Welsh Government and the National Advice Network during 2016; and
- Strategic Equalities Plan – developed by Welsh Government, with key objectives agreed during Spring 2016 and the Plan published later in 2016.

There are many organisations across the public, private and third sector working to promote financial inclusion and financial capability. Some of our key partners are those organisations discussed here, with their good practice highlighted in the case

studies used throughout this Strategy. We will also work with the Children's, Older People's and Welsh Language Commissioners for Wales in developing the Delivery Plan to support this Strategy.

Money Advice Service

The Money Advice Service (MAS) is an independent service, set up by government, which helps people manage their money through a free and impartial advice service. They are the UK statutory body for improving people's understanding and knowledge of financial matters and their ability to manage their own financial affairs. MAS work with, support and provide expertise to other organisations in the financial services industry, the third sector, across government and elsewhere.

The Financial Inclusion Commission's report in March 2015 recommended⁶ the development of "*a robust, outcomes-based evaluation of how to improve financial capability, with resources to enable it, developed with industry, government, consumer groups and civil society, and co-ordinated by a reformed Money Advice Service*".

The UK Financial Capability Strategy, co-ordinated by MAS, was published on 28 October 2015. As part of the development process, MAS have prepared a Financial Capability Strategy for Wales. Following consultation with the MAS Wales Forum and the Welsh Government Financial Inclusion Development Group, there was general agreement to incorporate key elements of the Financial Capability Strategy into this Financial Inclusion Strategy and to consider the priority areas and actions when developing a Delivery Plan to support this Strategy. Although the preventative financial capability and reactive debt advice are covered under two separate elements they will inevitably be linked through our Delivery Plan

Advice Provision

One of the key ways for all partner organisations to contribute to promoting financial inclusion is in supporting and encouraging their front-line employees to provide a 'signposting' service for financial information and advice when they recognise their clients are in need of information or advice to change their financial situation. Wherever possible a warm referral between trusted partners is likely to be more effective than simple signposting, particularly where service users are vulnerable. There is a wealth of quality-assured resources for financial literacy available online and the National Advice Service Quality Standards and mapping of advice providers will provide a database which can be used to locate local financial advice, or online or telephone providers.

There are many different advice providers currently delivering a wide range of services. A mapping exercise will attempt to map the full extent of services available to people from the public, private and third sectors across a range of channels including face to face, online and telephone. The results of this mapping exercise

⁶ <http://www.financialinclusioncommission.org.uk/report> , recommendation 22

will help people to identify where they can receive help that they need with a range of problems including proactive money advice and help with debt problems.

Citizens Advice clients benefit from the service being able to link their debt, income maximisation, financial capability, money and wider advice offers together. Clients will frequently move from generalist advice provision (usually supported through core funding and more responsive to local need) to receiving more specialist or preventative advice on the same or different topics. For example, often in the course of delivering financial capability work to clients, debt issues will be uncovered. Likewise, when advising clients who have sought advice on a debt problem it makes sense to assess benefit entitlements and/or financial capability needs in order to help them manage their current debt and prevent future debts. All are therefore essential elements within a holistic package of advice and support.

Local Authorities

Local authorities can make an important contribution to the financial inclusion agenda through their day-to-day contact with people in their areas who may be financially excluded, and as funders and providers of financial inclusion services. They also have a key role to play in the delivery of financial education in their schools to ensure young people have a good understanding of personal finance issues before they leave school.

The Welfare Reform Act 2007, 2012 and the Welfare Reform & Work Bill 2015/16 saw significant changes to the wellbeing of thousands of benefit recipients in Wales. Local authorities have had responsibility for implementing and managing many of these changes. Each local authority has a Welfare Reform Lead to ensure they are best placed to understand the needs of their residents and to try to ensure no one is left without support or guidance during this period of unprecedented change.

All local authorities are required to undertake a Service Mapping exercise with the Department for Work & Pensions in order to be able to scope the level of support available in their area for prospective Universal Credit claimants. The main barriers customers will face are how to access a primarily digital service and the skill shortage in being able to successfully manage a monthly direct benefit 'payment'.

In addition to supporting people through welfare reform changes, local authorities will also have a role to provide information and advice for residents under the Social Services and Well-being (Wales) Act.

Post Offices

In January 2015, there were 997 post offices in Wales – 286 in urban areas and 711 serving rural communities. Post offices have traditionally played a key role in local communities, particularly in rural areas, and are a means of accessing money and financial services. 95% of all UK banking customers can now access their account

via the Post Office⁷. In addition, the Post Office Card Account can be used to access entitlements.

Post offices are changing to meet customer demand and growing their businesses to become more commercially sustainable. Post Office Limited has developed a Transformation Programme by 2020, which will see more support provided for crucial community Post Office branches. These may be provided by the Post Office themselves or through providing a local hub for other services, for example where banks have closed local branches but offer a service in the local post office.

Post Office are currently promoting a Get Connected scheme to help customers identify local training courses for support in getting online, via a database of providers which can be searched by postcode. The feasibility of providing a similar system for identifying local advice providers could be explored, based on the availability of up-to-date data mapping of such services which is planned by the National Advice Network.

National Offenders Management Service (NOMS)

Improving the financial capability amongst the members of this vulnerable group has the potential to tackle levels of re-offending. The National Audit Office (2010) has estimated the cost of recorded crime committed by ex-prisoners in England and Wales may amount to £13 billion per year. Finance, Benefits and Debt has been identified in the Wales Reducing Re-offending Strategy 2014-16 as one of the nine key pathways out of offending behaviour.

Prisoners, ex-offenders and families of prisoners are particularly vulnerable to financial exclusion. Common issues for discharged prisoners include difficulties opening a bank account, a lack of essential skills, exclusion from mainstream products such as insurance, financial dependence and abuse, a finance gap, lack of awareness and significant debts. Offenders may need advice in managing money and debt in order to sustain their accommodation, which is seen as a necessary condition for the reduction in re-offending.

Prisoners eligible to receive the Job Seekers Allowance are mandated to join the DWP Work Programme from day one of their release from prison. NOMS in Wales actively enable and encourage Work Programme staff to work with offenders, including facilitating provision of services to enable advance claims for Universal Credit as it is rolled out across Wales.

DWP prison advisors discuss benefit claims with prisoners on a voluntary basis in recognition that prison leavers spend longer on benefits than other new claimants. Benefit processing activities are therefore undertaken prior to release from custody in order to bring forward any claims. Upon release, Offender Managers are able to provide bespoke support for any issues in terms of finance, benefit or debt by signposting to relevant agencies or undertaking a Rehabilitation Activity Finance

⁷ Information from Post Office Limited

Workbook designed to support the individual to acknowledge any issues and to provide skills to enable informed choices.

At present all prisoners have an initial needs assessment upon entry into custody. During this point any critical financial issues may be addressed by Wales Community Rehabilitation Company (CRC) Resettlement Officers. An example of this may include relinquishing tenancies to avoid rent arrears. Prisoners are also signposted to any support agencies with the prison establishment to address any needs i.e. Gambling Anonymous, CAB. Twelve weeks prior to release a review plan is undertaken with all prisoners to assess any resettlement needs and modular support programmes are offered. Included in this is a two hour Finance, Benefit and Debt module. The aims of this module are:

- to provide knowledge about financial planning, advice and support;
- to develop understanding of how to management effectively both within and outside of prison;
- to identify how to access benefits prior to release;
- to support successful integration back into the community.

Prisoners in Wales are able to open and manage bank or Credit Union accounts while in custody through local arrangements such as Barclays Bank or Bridgend Lifesavers Credit Union in HMP Parc, Cardiff and Vale Credit Union in HMP Cardiff and LASA Credit Union in HMP Swansea. The Credit Unions also have an arrangement in place to provide access for existing members who are in prisons covered by one of the other Credit Unions.

Housing Associations

Housing Associations in Wales house over 160,000 tenants where financial exclusion, social exclusion and low levels of financial capability can exist alongside other vulnerabilities.

Housing associations undertake preventative work via their own financial inclusion and education programmes and initiatives. They work in partnership with local authorities, Credit Unions, Moneyline Cymru, advice agencies and the Your Benefits are Changing campaign to develop well-rounded, accessible services. This support is particularly important in light of impending direct payment of rent to Universal Credit claimants and can start with early pre-tenancy work such as the Mypad project, assist in tenancy sustainability through projects such as Pendinas and help aspiring home owners through Shared Ownership schemes.

Your Benefits are Changing comprises a pan-Wales awareness-raising campaign and a help line, plus a team of advisers who help the general public with the roll out of Universal Credit, digital inclusion and all aspects of financial inclusion.

The campaign draws together the extensive support and work of housing associations to help people to make sure they understand how the roll out of

Universal Credit will impact upon them and provide practical solutions and support on:

- the importance of banking (to receive payments and pay priority bills);
- the importance of getting online (to apply for Universal Credit);
- the importance of budgeting (to pay rent and other priority payments).

Wales Illegal Money Lending Unit

Illegal money lenders (loan sharks) actively target the most financially excluded and otherwise vulnerable people in Wales. The Wales Illegal Money Lending Unit (WIMLU) relies on partner organisations including local authorities, Communities First clusters, NOMS, housing associations, the Discretionary Assistance Fund and advice agencies to identify and report loan sharks and also to support their victims.

A Citizens Advice adviser recognised one of her clients was a loan shark victim. The client agreed the matter should be reported to WIMLU, who investigated the case. This resulted in the prosecution and imprisonment of the loan shark.

The client and his family were supported throughout the process by both Citizens Advice and WIMLU. He commented “we couldn’t have gone on the way we were – our lives have completely changed”.

Substance Misuse Area Planning Boards

Many people with substance misuse issues are likely to have low levels of financial capability and risk social exclusion and homelessness. Substance Misuse Area Planning Boards should work in partnership with relevant financial advice agencies and substance misuse providers within their region to ensure service users have access to the advice and support they require.

A joint working protocol between the Welsh Government, Department of Work and Pensions / Job Centre plus and substance misuse providers which takes into account tailored conditionality for claimants of Universal Credit with substance misuse issue is in the process of being developed.

Core Themes

For people to manage their money in the most appropriate way for their own circumstances they must have:

- access to affordable credit and financial services;
- access to financial information, including debt advice;
- financial understanding and capability.

These core themes are explored in the following sections of this Strategy, but they can mean different things to different people.

Everyone deals with money and financial matters regularly throughout their lives. For some, who may have no financial worries, the priority is to make the best use of their money – both now and in the future. For others, the priority may be learning to budget so they can manage their money on a day-to-day basis or manage their debt and rebuild their credit rating.

Whatever a person's circumstances, everyone moves back and fore between the need to manage their money on a day-to-day basis, to plan ahead for future expenses and to consider ways to cope with unplanned events.

Depending on a person's personal finances, these can mean different things to different people. For example, for someone on a low income with little or no savings, planning ahead may mean thinking about managing the expense of new school uniforms while for another person with greater disposable income, it may mean saving into a pension for their retirement.

While it is possible to suggest some examples of what people's priorities may be depending on the amount of money they have available, it will always be up to an individual or household to agree what their particular priorities are. The following table is provided as an illustration of what people's priorities might be depending on their lived experience of financial inclusion and is not intended as comprehensive. We recognise people's circumstances change over time and individuals may choose significantly different priorities for expenditure, regardless of levels of disposable income and relative financial inclusion or exclusion.

	Things most people have to deal with to some extent, regardless of their financial situation	Things people more financially included may be thinking about / doing	Things possibly more difficult to manage for people more financially excluded
Everyday living – managing money well day to day	<ul style="list-style-type: none"> ▪ Maximising income ▪ Reducing outgoings ▪ Paying bills ▪ Rent / mortgage ▪ Car insurance / tax ▪ TV licence 	<ul style="list-style-type: none"> ▪ Insurance – health, life, critical illness, home/contents, etc ▪ School fees ▪ Gym / sporting / social club memberships ▪ Private health care ▪ Household maintenance 	<ul style="list-style-type: none"> ▪ Budgeting ▪ Rent/jam jar account ▪ Home / contents insurance ▪ Childcare ▪ School trips / after school clubs ▪ Social activities ▪ Additional costs for NHS treatment (e.g. dental, optical)
Planning ahead – preparing for, and managing, life events	<ul style="list-style-type: none"> ▪ Savings ▪ Loans ▪ Family events (births, weddings, etc) 	<ul style="list-style-type: none"> ▪ Pensions ▪ Funeral plans & wills ▪ Care when older ▪ Buying a house / household improvement ▪ Holidays 	<ul style="list-style-type: none"> ▪ School uniforms ▪ Seasonal events, including Christmas, Easter, birthdays, school holidays, etc ▪ Holidays / day trips
Unplanned events – dealing with (potential) financial difficulties	<ul style="list-style-type: none"> ▪ Bereavement ▪ Divorce ▪ Ill-health ▪ Redundancy ▪ Starting a family 	<ul style="list-style-type: none"> ▪ Tax bills ▪ Uninsured losses 	<ul style="list-style-type: none"> ▪ Appliance breakdown ▪ Vehicle breakdown

Access to Affordable Credit and Financial Services

Our vision is for a Wales in which everyone can readily access a range of affordable financial services and products to suit their individual needs, as well as being able to readily access their own money, whether by automated or over-the-counter means.

Everyone needs access to money to function in day-to-day lives. For some people, there is a lot of choice about how they manage their money and what financial services they choose to use. For others, there is more limited choice. There are also people who choose to live on a cash budget because they consider it gives them complete control over their finances so they never go into debt, even though they are aware it can cost them more for goods and services.

It is up to each individual how they choose to manage their money. However, we must ensure people are aware they have choices and aware of alternative ways of managing their money even if they choose not to use them. People should be supported to make the most appropriate choices given their circumstances and preferences.

What's been done? What needs to be done now? Who will do it?

Transactional Accounts

Transactional accounts make an important contribution to financial inclusion by providing a way of managing money and as a first step towards accessing a wider range of mainstream financial services. Transactional accounts can receive pay and benefits, allow cash withdrawals and allow for bills to be paid. Therefore people are able to access cheaper goods and services, including essentials such as electricity, gas and water, through the ability to pay for goods and services by direct debit.

Full transactional accounts are mainly offered by traditional banks and building societies, but other options are available. Not everyone is accepted for a full transactional account but everyone should be able to access a basic bank account, as long as they can prove their identity, as credit-checks are not used. Basic bank accounts allow payments using a debit card and setting up of standing orders and direct debits, but do not include an overdraft. In December 2014, there were an estimated nine million users of basic bank accounts in the UK.⁸ While only North Wales Credit Union offers a current account, other Credit Unions offer accounts with pre-paid debit cards.

Following an agreement between the UK Government and the banking industry, nine high street banks and building societies plan to offer new transactional basic bank accounts from late 2015 with no fees or penalties to people who don't have a bank

⁸ HM Treasury

account or who are frozen out of existing accounts because of previous money problems.

Welsh Government has supported Credit Unions for them to help those who are financially excluded. Many Credit Unions offer accounts designed to assist those who need help with budgeting, such as a rent account or a budgeting account (commonly known as a jam jar account). We recognise more needs to be done to ensure information on the type of accounts on offer is available to everyone, but particularly those currently without a bank or Credit Union account.

Commitment – Welsh Government and Department for Work and Pensions to work with Wales Job Centre Plus to consider options for signposting Universal Credit claimants to Credit Unions offering rent or budgeting (jam jar) accounts where appropriate

UK figures for 2012/13 show about 1.5 million adults did not have a bank account – down from 1.87 million the previous year. However, having access to a bank account does not guarantee the account will either be useful or used. Information on how bank accounts are used is not currently available.⁹

Access to financial accounts and services via online, mobile and telephone banking continues to grow. For many, this can be a convenient way to manage their money but not everyone is online or confident of their online skills. The use of digital services is increasingly becoming the preferred way of conducting transactions for both providers and users alike, with the latest Ofcom figures suggesting 74% of Welsh internet users buy goods and services online and 57% bank online.

The use of alternative ways of banking and subsequent decline in the number of transactions in some branches has resulted in many of the mainstream banks announcing closures of local branches in Wales. Some banks are making arrangements for mobile van branch services to communities (Natwest – closures in North Wales 2015) or advising customers to access services through their local Post Office.

In addition to providing access to mainstream banking services, the Post Office Card Account (POCa) provides simple banking services, designed for people unable to open or operate a traditional bank account, to ensure they can receive their benefits, tax credits, state, war pension or other payments from Government departments. However, this account does not enable people to receive money from other sources, set up direct debits / standing orders or purchase goods with the account card.

The UK Government has agreed to extend the POCa for a further seven years. However, the Department for Work and Pensions (DWP) has begun to contact mainly working customers who hold a POCa, to suggest alternative payment into a bank, building society or Credit Union account. For working age people, the ability to pay in wages is especially important as it supports the transition to become 'work ready'. Over 85% of people receiving benefits or pensions find being paid into a

⁹ Financial Inclusion Monitoring Report 2015, University of Birmingham & Friends Provident Foundation

bank, building society or Credit Union account is the best option for them as it provides access to a wider range of financial services

Commitment: Welsh Government will work with key partners to ensure everyone has access to a transactional account, with people supported and encouraged to make an informed choice of an appropriate account for their circumstances and to make full use of their account

Access to cash

An important issue is to ensure people are not charged to use cash machines, particularly when they may already be financially excluded. It is an additional, unnecessary cost. There has been a positive shift in the ratio of free-to-use to pay-to-use machines for cash withdrawal – in June 2015 around three-quarters in Wales were free-to-use, compared to just under two thirds in 2009.

LINK is the main UK cash machine network - almost every cash machine in the UK, both free-to-use and pay-to-use, is connected to LINK, giving cardholders nationwide access to cash. LINK and its members have devised a Financial Inclusion Programme to support the installation of free cash machines in areas where there is limited free access to cash¹⁰. Consumer and community groups, local authorities and councils, Assembly Members, Members of Parliament, and other interested parties can play a key role in identifying suitable sites in their area. In December 2006, priority target areas were identified across the UK as having no free cash machines – of the 185 areas identified in Wales, 44 are still outstanding (76% completed).

Commitment: Welsh Government will work with key partners and the Link network to ensure those areas identified as being a priority for free to use cash machines are looked at as a matter of urgency.

Borrowing and Credit Options

Borrowing is used by most people at some stage in their lives. For most people, access to some form of credit is useful for purchasing goods and services when we don't have the money to pay for them. However, spreading the cost over a longer period of time in this way means we generally have to pay interest on the money borrowed (unless companies are offering 0% finance deals).

For those who need to borrow money, there are numerous sources of short-term credit, but there are big differences in the rates of interest for loans. During the recession, banks tightened lending criteria, opening the way for a huge rise in high street and online lenders offering quick loans with interest rates which can exceed 1,000 per cent.

The traditional sources of overdrafts or loans such as banks, building societies and Credit Unions are competing with high-cost loan companies which offer fast access to short-term loans. Advertising in recent years has stimulated the growth in high-

¹⁰ www.link.co.uk/Financial_Inclusion/Pages/home.aspx

cost credit options, often available quickly online or on the high street, such as payday loans, log-book loans and, more recently, guarantor loans, in which a friend or family members agrees to repay the debt in the event of default, together with the re-emergence of pawn-brokers.

Changes to financial regulation and a cap on payday lender interest rates from April 2015 have forced more than 100 payday lenders out of the market. A number of companies have paid compensation to customers for bad practices and one of the most well-known payday lenders in recent years posted its first annual loss in 2014. There is also current research being undertaken by the Young Foundation looking at the alternatives to payday lenders. We will consider the findings of this work as part of any actions taken forward.

Citizens Advice research showed a 45 per cent fall in complaints by clients about payday loans, with 5,554 in the first three months of 2015 and this coincided with the greater regulation on the sector by the FCA. However it reported products such as guarantor loans, in which a friend or family member agrees to repay in the event of default, and logbook loans, secured against vehicles, were rising. Many local authorities are looking for opportunities to support people who may be unaware of lower cost alternatives to such high-cost credit.

Cardiff Council has adopted a policy of limiting the visibility of websites identified as “pay day lenders” and signposting those seeking to access the websites to appropriate support.

A ‘coaching page’ for those trying to access pay day lending websites on Council computers will restrict access and highlight available support.

The Welsh Government has provided support for Credit Unions to provide services for everyone, with people on lower incomes particularly benefiting from Credit Unions offering sound financial advice and responsible lending. A key appeal of Credit Unions is a willingness to make small loans of £50 to £3,000, which most high-street banks may not do.

Loans from Credit Unions are generally cheaper than loans from most other providers for smaller amounts and do not incur set up fees, administration costs or early redemption fees. By law, the amount of interest charged by a Credit Union can be no more than 3% a month on the reducing balance of a loan (an APR of 42.6%), with many charging less than this. The lower rates of interest Credit Unions are able to charge mean most are unlikely to offer short-term credit in a similar way to payday lenders as they would not be able to cover their costs.

Traditionally, Credit Unions kept strict rules which meant they would only lend to those who already had savings and whilst for some this is still the case, this position is changing, with nearly all Credit Unions now lending to those who are new to their organisation.

One of the attractions of high-cost loans, such as payday loans, is instant access to money – often through an online application. Credit Unions are increasingly offering online loan applications but there is usually a period of time when the application is considered. However, Smart Money Cymru is among the Credit Unions now offering loans with a decision made on the same day the application is received.

Commitment: Welsh Government will work with the Credit Union sector, and other providers of affordable credit, to consider options for improving access to affordable short-term credit / money, on an all Wales basis. Part of this will ensure information is provided to ensure a greater understanding of the ways to access credit and their comparable costs

As an alternative to borrowing money, people may choose to pay for services or buy goods on credit. Credit cards are a flexible way of accessing credit for good and services and are accepted by the majority of companies. Alternative forms of credit are linked to specific organisations, such as store cards, catalogue accounts or ‘rent-to-buy’ companies.

The use of credit or store cards, catalogue accounts and rent-to-buy companies can seem a convenient way to spend for many people. Credit cards and store cards provide an alternative to cash with no additional costs if they are paid in full each month. However, credit cards, store cards and catalogue accounts can carry a high interest rate on balances not paid in full, sometimes taking years to clear if only the minimum payment is made each month.

Organisations such as Turn To Us, Citizens Advice, Housing Associations and other advice organisations can assist people in financial hardship to gain access to welfare entitlements, charitable grants and support services. For those people most in need and where access to a loan may not be appropriate or available, assistance may be provided by charitable grants and the Welsh Government’s Discretionary Assistance Fund.

The Discretionary Assistance Fund

The stresses and strains caused by serious money worries can have a devastating impact on people’s health, mental wellbeing and can sometimes lead to the breakdown of families. Welsh Government is committed to continuing to help our more vulnerable people across Wales when they need it most. Funding is therefore being provided to ensure our most vulnerable people are helped when in times of crisis or when faced with an emergency situation. Through the Discretionary Assistance Fund (DAF) funding in the form of grant payments has been made available since April 2nd 2013 to assist individuals and families who are facing an emergency situation or a significant life event which could have a detrimental impact on their health and well-being.

This grant was established following the Welfare Reform Act 2012 which abolished the discretionary elements of the UK Government’s Social Fund (Crisis Loans and Community Care Grants) from 31 March 2013.

The purpose of the DAF is to offer payments or in kind support to enable or maintain independent living and to provide urgent assistance to our most vulnerable people. These include those leaving institutional care, including ex-prisoners, those at risk of entering care without support, those on a planned resettlement programme and individuals and families facing exceptional pressure, such as fleeing domestic abuse or needs arising from a chronic illness, accident or disability. These payments are provided to people who have no other means of meeting the immediate cost of living.

In the first two years (2013/15), the DAF has supported over 56,000 people with more than £14.8 million spent for support in emergency situations or to help to remain to live independently in the community. Awards range from small cash payments for emergencies, up to higher value household goods for individuals and families moving into independent living.

As well as providing urgent financial assistance, the Fund also seeks to address the wider needs of applicants, particularly those who are vulnerable and financially excluded. The fund is supported by a network of referral partners across Wales who provide strong local links to support with financial capability, money advice, income maximisation and affordable credit. 67% of applications in the first two years were successful and where grants were not awarded, applicants were signposted to other agencies for support. This signposting is critical, and is something the Welsh Government would like to see strengthened further going forwards through strong partnership working.

The importance of sound partnerships with other organisations, in the third and public sectors, to help develop further the number of partner-supported applications, is recognised. DAF is a potential source of support for someone coming through partners' doors who are often in the best position to assist by signposting clients to the DAF or helping with an application.

Commitment: Welsh Government will work with partners to develop and strengthen the signposting provided to Discretionary Assistance Fund applicants to help meet their wider financial needs, and to increase the number of partners who are working with their clients and supporting them to apply to the Discretionary Assistance Fund.

Some vulnerable and financially excluded people may turn to illegal money lenders (loan sharks). The Wales Illegal Money Lending Unit (WIMLU) continues to work to raise awareness of illegal money lending, creating a climate where victims can come forward without fear of reprisal. This will enable WIMLU to investigate and prosecute illegal money lenders, and to support their victims with the assistance of partner organisations.

Saving

People who are unemployed or on low incomes may find it difficult to make ends meet and not have any money left over to save even small amounts. This can leave them vulnerable to making expensive financial choices particularly when faced with

unplanned events or emergencies, as well as putting them at risk of poverty in retirement.

For those who are able to save – even just a little - on a regular or occasional basis, it can make a considerable difference and may mean they are better able to cope with unplanned events or emergencies without needing to turn to high-cost lenders. There is a wide range of opportunities for short-term saving, with banks, building societies and Credit Unions providing easy access or notice accounts, as well as regular savings and ISAs. Many Credit Unions are now working with local employers to provide payroll deduction schemes for employees to pay directly into a savings account from their salary.

There is much merit in employers working with Credit Unions to encourage their employees to make regular savings through payroll deduction or direct debit schemes. Payroll deductions offer a simple, convenient route to saving and so having this option advertised within the workplace is an excellent way of facilitating this. Some Credit Unions will offer members who save via payroll additional benefits, including preferential interest rates on loans which can be offered as part of a suite of benefits for employees within the wellbeing agenda.

Welsh Government is actively promoting partnerships with Credit Unions to employers, recognising the mutual benefits this brings – to employers, employees and Credit Unions. For employees, Credit Unions can help foster a responsible attitude towards credit, can assist with the welfare and wellbeing aspects of being a caring employer and additionally, it can help Credit Unions by increasing the customer base; helping long term sustainability.

We also recognise there is an opportunity to raise awareness of Credit Unions as part of public sector procurement contracts. The Welsh Government guidance on Community Benefits and our Measurement Tool will therefore be updated to reflect the opportunity to consider the promotion of Credit Unions through public sector contracts.

Commitment: Welsh Government will work with the Credit Union sector to further encourage the take up of Payroll Deduction (or through direct debits) across the public and private sectors

Specific savings accounts are available for adults to save money for their children or grandchildren. Credit Unions are involved with a number of successful savings schemes with schools, enabling many children and young people to save regularly through facilities offered at schools.

The availability of accounts with limited access – for example, managed in branch only or specific Christmas saver account – removes or reduces the ready temptation to dip into savings. There are also other ways to save, such as Christmas savings clubs or supermarket saving stamps which help to spread the cost across the year. However, banks, building societies and Credit Unions offer savers considerably more protection than commercial "savings clubs", as was demonstrated by the 2006 collapse of the Christmas hamper club Farepak.

Many people are not saving enough for retirement. The roll-out of pension auto-enrolment from 2012 aims to increase workplace pensions savings. By 2018, it will ensure all employees over 22 who earn more than £10,000 a year have the right to a workplace pension, unless they choose to opt out. Other legislation has seen changes to the way people can access the whole of their Defined Contributions pension pot on retirement, leading to another potential source of money. Free pensions guidance being provided by Pension Wise, a UK government initiative.

For those who have more money to save, or are able to put money into longer-term savings, there are many options for investing for their future, whether regular savings plans, tax-free Individual Savings Accounts, personal pensions or products such as funeral or long-term care plans.

Financial Services

Insurance should be seen as an important financial service for the majority of people, whether it is buildings or contents insurance, critical illness, life insurance, income protection/employment cover or tenancy insurance.

For some people, home, contents or tenants insurance may be seen as unaffordable or a luxury, but being able to replace household necessities following an unexpected event, such as a burglary or flood, may have significant effects on the household.

Those in rental accommodation are significantly less likely to have contents insurance¹¹. Local authorities, housing associations and Credit Unions should be supported where they are looking for ways to promote low cost or affordable insurance.

Cardiff Council administers a Tenant's Home Content Insurance Scheme which allows tenants to assess their own rate of insurance cover based on a sum insured between £8,000 and £35,000. Premiums can be paid weekly, from as little as £0.78 per week for standard cover, based on a sum insured of £8,000. In addition there are special rates for the elderly and tenants under the age of 25. These insurance accounts are separate to rent accounts.

Caerphilly County Borough Council offers Home Contents to tenants – this is collected together with the weekly rent charge. 21% of their tenants take advantage of this scheme. Additional accidental damage is also available as an “add on” to the insurance.

Community Housing Cymru runs an affordable home contents insurance across housing associations in Wales – My Home Contents Insurance. <http://www.thistlemyhome-cymru.co.uk/>

For those confident to search online, comparison websites can aid in identifying competitively priced options and comparing the levels of cover available.

¹¹ Aviva Family Finances Report, August 2015

Commitment: Local Authorities, Credit Unions and Housing Associations should encourage clients and tenants to have appropriate insurance cover for themselves and their possessions, and consider the provision of competitively priced products

Access to Financial Information, including Debt Advice

Our vision is for a Wales in which individuals and families are able to better manage their finances through access to good quality financial information and quality assured financial and debt advice, with appropriate signposting taking place to direct people towards the most appropriate source of help.

Everyone looks for financial information or advice at some time, whether it is to help set or manage a household budget, manage existing debt problems or to identify the best options for saving and investing. There are many different sources of information, guidance and advice people may turn to – friends and family, the Internet, the media, free advice providers, paid-for advice providers, etc.

It is important for people to realise there is a difference between information, guidance and advice:

- information is usually generic printed or online material which sets out facts and encourages independent decision making;
- guidance provides relevant information to the individual's circumstances but won't recommend any particular products or tell the person what to do;
- advice is provided by advisers working with someone to explore a range of options, how they apply to the individual's situation and making decisions about what course of action to take (and helping them to take it). Debt and money advice can only be delivered by providers who are regulated by the Financial Conduct Authority.

Many people will need, or choose, to borrow money at some time in their life, whether to finance large purchases, pay household bills or for another reason. Access to good quality financial information and money advice is important to ensure the choices people make are both appropriate and affordable, which is an important part of our financial capability theme.

When debt repayments and routine household expenditure become unmanageable people may need to access debt advice or information which will enable them to help themselves out of difficulty. There is clear evidence that seeking help early leads to the best outcomes for individuals and can avoid problems escalating to the point where specialist help is needed.

Access to information about financial matters now begins for many with financial education in schools. This is covered as part of the financial capability core theme.

What's been done? What needs to be done now? Who will do it?

People may seek financial information or advice for a number of reasons. For some, they may need help with household budgeting; others may need assistance with claiming benefits or with debt advice. For many people, such advice will be available free of charge to the individual from organisations funded by Welsh Government and others.

People may also seek advice in relation to investing or planning for the future, including pensions advice. Such advice may be 'paid for' from independent financial advisers who can advise on the whole of the market free, for example from individual financial institutions limited to their own products. Pension Wise, which is funded by the UK Government and the Money Advice Service are able to provide detailed information and guidance but will never recommend specific products.

The UK Government 'Financial Advice Market Review' will examine the "advice gap" for people who do not have significant wealth and ensure firms are being encouraged to provide affordable and accessible financial advice. It will also look at what barriers may currently be in place to put people off seeking financial advice. The review will consider all types of retail financial products including pensions, savings, mortgages and insurance. A consultation document is expected by Autumn 2015 and proposals are due to be reported ahead of the Budget 2016.

The UK Government is currently consulting on how current arrangements for the provision of free and impartial financial guidance, including the Money Advice Service and Pension Wise, can be made more effective.

The provision of advice services or availability of online resources doesn't mean people know about them or are inclined to use them. As more people become digitally included, they are increasingly likely to search online for advice on money and debt management. Websites such as Money Advice Service and Money Made Clear Wales provide quality assured information, but searches can also lead the unwary to companies charging for information or advice which can be obtained free from other – often more reputable and quality assured – sources.

Commitment: Welsh Government will work with partners to develop the Money Made Clear web-site to ensure it continues to provide information on what support is available to those who most need it. In addition, given not all people will access the internet, we will work with appropriate partners to consider what further join up and awareness raising needs to be done in this area

People are often prompted to seek debt advice only when they find themselves in financial difficulty, particularly if regular commitments become unmanageable. Ideally, they should seek help when they first realise they are not able to maintain all necessary payments from their household income. There is significant evidence from advice providers that early engagement with lenders and service providers leads to improved outcomes and less anxiety for the individual. Notwithstanding this, there is more that can be done to influence creditors to make policy changes which do not unreasonably increase the debt of people who already cannot afford it, for example, through poor lending practices or unduly expensive recovery methods.

Citizens Advice Cymru figures¹² for the last three years show benefits-related problems have overtaken debt issues as the biggest problem area on which their clients seek help. They have also seen a change in the type of debt problems

¹² Citizens Advice Cymru, Advice Trends in Wales 2014-15

people are seeking help for – problems with Council Tax arrears increased by 51% in 2014-15 compared to the previous year.

With Welsh Government having committed to funding Council Tax Support for households with low incomes the charity suggests this is likely to be attributable to people generally struggling on low incomes. Problems with rent arrears increased by 28% in the same period. Rent arrears can impact on both social and private tenants. Although most social tenants will have access to support from their landlords, they may sometimes benefit from holistic and fully independent advice. Private tenants can be equally financially excluded but will often have a more difficult journey to find the support they need.

Historically money and debt advisers have often been able to identify previously unclaimed entitlements to welfare benefits and tax credits to mitigate and in some cases extinguish financial difficulties. UK Government welfare reforms have already reduced the scope for income maximisation through statutory entitlement. The cumulative effect of these reforms and others yet to come have the effect of reducing financial support for low waged working families and other vulnerable groups.

As the financial safety net is removed, advice providers are braced for an increase in demand for money and debt advice. With limited resources it will be important to ensure those in need of help, especially vulnerable people, are quickly identified and directed to the most appropriate source of help according to their particular problem. Effective signposting and referral networks at both local and national level will be critical to managing the expected influx.

Commitment – Welsh Government and partner organisations to ensure equitable access to advice services according to need, and to publicise trusted online resources and availability of quality assured and accredited information and advice services through relevant websites, newsletters, events and other promotional opportunities

Commitment – Welsh Government and partner organisations will use evidence and best practice examples to understand the impact of other policies and practices on financial inclusion and effect policy changes where they have responsibility or influence change where leverage can be achieved

There will be people who may not be ready to accept they need to seek expert advice on financial or debt issues, sometimes hoping things will get better with time, or acting on the advice of inexperienced sources. Others may not know that advice – particularly free advice – is available, or be “too proud” to accept they need help. This latter may be particularly true for older people, in the same way they do not always claim all the benefits they may be entitled to. It will be important to work with a range of partners to identify innovative ways to reach out to people in need and encourage them to get advice, or to get advice sooner.

One of the key ways for all partner organisations to contribute to promoting financial inclusion is in supporting and encouraging their front-line employees to provide a ‘signposting’ service for financial information and advice. Front-line employees or

volunteers for local authorities, the health service, housing associations, adult community learning and many other organisations have an opportunity to use their existing relationship with people to identify those who may be in need of advice and assistance to change their financial situation and provide a 'signposting' service to appropriate advice providers or suitable online resources, for example to help with budgeting.

Citizens Advice has been working on the Energy Best Deal¹³ public awareness campaign with support from the energy regulator Ofgem and major energy companies since 2008. Energy Best Deal is delivered in Wales by members of the regional financial capability forums.

Sessions are aimed at low income consumers and front-line staff who work with people at risk of fuel poverty who can be signposted to a range of further help with issues such as fuel debt, benefits entitlement and energy efficiency. Evidence shows frontline workers use information to help an average of 15 people in the year following training.

Such a 'signposting' service will need an accurate and up-to-date mapping of advice services provision across Wales, as well as information on where people can access the wealth of quality-assured resources for financial literacy available online. Welsh Government and the National Advice Network will undertake a mapping exercise in late 2015 which will, on completion, be made readily accessible to the public and to others who may signpost those in need of information and advice to reliable sources through an interactive map which will incorporate face to face, online and telephone advice provision. Plans to maintain this directory of services will be developed as part of the Information and Advice Strategy for Wales which will be brought forward in 2016.

Commitment – Welsh Government and partners to produce a directory for information and advice services and develop plans to ensure content is accurate, accessible and up-to-date

Effective referral networks require trust between individuals and organisations. Service users must trust the organisation which is referring them to another provider for expert help with debt or money advice and the organisation making the referral must have confidence the advice provider can provide the assistance which is needed in a way which is sympathetic to the needs of their client. Information passed between agencies as part of any referral process must be exchanged securely and only with the service users' permission.

Welsh Government has recently announced the development of an Information and Advice Quality Framework for Wales (IAQF Wales) which be developed during 2015/16 with subsequent rollout. IAQF Wales is expected to deliver a unifying accreditation scheme offering funders, potential referral partners and the public a

¹³ <https://www.citizensadvice.org.uk/about-us/how-we-provide-advice/our-prevention-work/financial-skills-for-life/financial-skills-for-life-what-we-do/energy-best-deal/>

recognisable quality mark, confirmed by independent audit. The framework is likely to address the following elements which should offer potential service users confidence in their provider:

- General Management;
- Planning;
- Customer care;
- Advice specific services;
- Adviser competence;
- Welsh Language;
- Outcomes.

The further development of the Information and Advice Services Quality Framework for Wales will bring forward proportionate and flexible criteria to promote and facilitate the use of the Welsh language which meet the requirements of the Welsh Language Commissioner's standards as they apply to various stakeholders. This pragmatic approach aligns with both the Welsh language strategy – A living language: a language for living and the Welsh language aim in the Well-being of Future Generations (Wales) Act 2015.

Commitment – Welsh Government will only extend financial support for quality assured information and advice provision and will encourage partner organisations to adopt the same policy

Newport Financial Inclusion Forum is a collaboration of organisations who work with people who may experience financial exclusion. The Forum co-ordinates the development and delivery of a Financial Inclusion Action Plan and provides opportunities to keep members aware of new policy and interventions, and to avoid duplication of activity where possible.

Members of the Financial Inclusion Forum considered a central information source would be of use, so a Financial Inclusion Directory was published in May 2015. It provides details – including contact numbers – of organisations providing support on a range of relevant issues. It is anticipated the Directory will be updated annually.

Work to develop the Directory also led to the creation of the Newport County Council Money Advice webpages: www.newport.gov.uk/money

Local authorities will need to ensure there are clear links and signposting to financial advice services through the information, advice and assistance service under the Social Services and Well-being (Wales) Act 2014. This will include strong links across from the national citizen portal for care and support which is under development

Commitment – partner organisations to identify and train front line staff who can provide signposting services and ensure they have access to the most up-to-date information on advice services in their areas and links to appropriate online resources

We recognise people need to overcome a range of barriers to enable them to access employment. These barriers can include affordable childcare, transport and access to the range of financial services and advice necessary to sustain employment. These issues are critical to Welsh Government employment support programmes and the people they are trying to assist: it is essential we ensure there are established referral paths and networks for people to get the advice and support they need.

Commitment - Welsh Government will work with its own, and partners' programmes, which support people into employment to ensure the barriers financial exclusion present to entering employment, are addressed

Building Financial Understanding and Capability

Our vision is for everyone in Wales to have the financial capability to manage their money well and make more informed financial decisions, whether related to everyday living, planning ahead, when facing unplanned events or in periods of financial difficulty.

Financial capability is a term used to define people's skills, knowledge, confidence, ability and motivation in terms of financial matters. Financial education – from childhood to later life – can provide skills and knowledge for a person to become financially literate. To be financially capable, a person needs the confidence, ability and motivation to apply the skills and knowledge to their own situation, in order to help them to better manage their finances and make more informed financial decisions.

Increasing financial capability in Wales is important, but must go hand in hand with encouragement for people to change their financial behaviour to ensure they use those financial skills to manage their money well, act on appropriate information / advice, maximise their income, reduce their outgoings and access the best deals for goods and services. In other words, financial capability underpins the other themes in this Strategy.

Financial capability is not just important to individuals, but can be a benefit to the wider community, as noted by the UK Financial Inclusion Commission¹⁴, *“with a firm grounding in the basics of personal finance and sound money management skills, people are not only better able to handle their own finances, but are better equipped to succeed in business and drive economic growth”*.

What's been done? What needs to be done now? Who will do it?

MAS Financial Capability Strategy for Wales

The UK Financial Inclusion Commission's report in March 2015 recommended the development of *“a robust, outcomes-based evaluation of how to improve financial capability, with resources to enable it, developed with industry, government, consumer groups and civil society, and co-ordinated by a reformed Money Advice Service”*.

A UK Financial Capability Strategy, co-ordinated by MAS, will be published in late October 2015. Following consultation, MAS have adopted a definition of financial capability which also incorporates some elements of the wider financial inclusion considerations, including issues which are covered by the first two themes of this Strategy. See paragraph 1.11 in the Introduction for further detail.

MAS Wales have also prepared a Financial Capability Strategy for Wales, which acknowledges these differences. A number of priority areas for action are identified within the Financial Capability Strategy:

¹⁴ <http://www.financialinclusioncommission.org.uk/report> , paragraph 3.102

- Increase consistency of financial education in all learning environments targeting learners of all ages and those that support and teach them;
- Evaluate financial capability interventions in Wales in a way that allows us to create a benchmark and compare interventions and identify what works well;
- Influence social/regulatory policy around provision of affordable credit;
- Increase the uptake of money advice services for all individuals, with a specific focus on families with children and older people.

Welsh Government, together with FIDG, will consider the priority areas and associated actions, and take them into account when developing a Delivery Plan to support this Financial Inclusion Strategy.

Commitment: Welsh Government, through a revised Financial Inclusion Development Group, will support MAS Wales to take forward proposed actions in the MAS Financial Capability Strategy for Wales which contribute to the commitments of this Financial Inclusion Strategy

Digital Inclusion

The importance of digital skills must also be considered in relation to financial capability as many of the best offers or deals for goods and services are found online. For example, the use of comparison sites to ensure the best deal on utilities or insurance.

The 2014-15 National Survey for Wales showed 81% of Welsh adults regularly use the internet, up from 66% in 2010. The latest Ofcom Communication Market Report published on 6 August 2015 suggested a higher figure of 86%. For those who remain offline, the main barriers are lack of motivation (don't want to or need to), lack of skills, cost and privacy and security concerns.

A recent Welsh Government commissioned Re-contact Survey of 2013-14 National Survey for Wales respondents who did not use the internet showed just 6% spontaneously mentioned they 'do not trust' the internet or think it is open to abuse (e.g. invading privacy, hacking, identity theft). However, when prompted, 41% agreed privacy or security concerns are at least a contributing factor in them not using the internet. Amongst non-users who are concerned about privacy and security the most common worry is others may be able to obtain their bank / credit card details (61%), followed by others being able to obtain their personal details (31%). This indicates privacy and security concerns remain a key area to be addressed when supporting people to get online and do more online. Reassurance from financial institutions, online retailers and service providers on their fraud prevention measures and independent guidance on safe online banking can also help.

Commitment – Welsh Government will ensure appropriate links between promoting digital inclusion and financial inclusion are included in the refresh of the combined Digital Inclusion Strategic Framework and Delivery Plan.

Wales has a bilingual virtual learning environment – Hwb. Hwb provides teachers and learners with access to online teaching and learning resources for learners aged 3 to 19.

A new Digital Competency Framework across the curriculum is being developed for implementation in primary and secondary schools from September 2016. The Framework will help schools embed digital competence into their teaching and learning and help pupils widen and develop their digital skills.

Financial Education

Financial skills and knowledge gained during education will help equip young people to make informed decisions during their adult and working lives. The Welsh Government remains committed to giving learners the opportunity to acquire a solid understanding of the nature of money and its uses, to equip them not only with the knowledge to enable them to manage money on a day to day basis, but also to make them aware of the importance of financial responsibility. Ultimately, our commitment to embedding financial capability within the National Literacy and Numeracy Framework (LNF) will help learners make informed decisions in relation to money later in life.

Financial education has had a place in the school curriculum in Wales since 2008. It features within the mathematics curriculum, as well as in the framework for Personal and Social Education, and Careers and the World of Work. There are detailed skills relating to managing money and financial education within the LNF which has been statutory for 5 to 14 year olds since September 2013.

A new statutory programme of study for mathematics in Wales was introduced in September 2015 and covers ages 7 to 16 (key stages 2 to 4). The new programme highlights the importance of developing financial skills and awareness appropriate to the age of the child, not simply through increasing numerical ability and reasoning, but also through specific ‘manage money’ strands.

Curriculum changes also impact the re-launch of a revised and more rigorous Welsh Baccalaureate. The primary aim of this tiered qualification is to enable learners to develop and demonstrate an understanding of, and proficiency in, essential and employability skills, which includes strong emphasis on numeracy and digital literacy.

The introduction of the revised Welsh Baccalaureate is coupled with the first teaching of new mathematics and mathematics – numeracy GCSEs from September 2015. These qualifications provide the opportunity to assess learners’ skills and knowledge, including aspects such as:

- the basic principles of personal and household finance, including fuel and other bills, hire purchase, discount, VAT, taxation, best buys, wages and salaries, loan repayments, mortgages, budgeting, exchange rates and commissions;
- simple interest;
- profit and loss;
- foreign currencies and exchange rates; and

- carrying out calculations relating to enterprise, saving and borrowing, investing, appreciation and depreciation.

The Welsh Government's Successful Futures provides for Areas of Learning and Experience (AoLE) - a means to combine subjects and other important aspects of learning to encourage connections and opportunities to apply learning in new ways. Successful Futures provides for a mathematics and numeracy AoLE and suggests it includes experiences to enable children and young people to develop their financial skills.

The implementation of the new curriculum and examinations will be supported by the New Deal for the Education Workforce, which will focus on the development of a range of high quality professional learning to support practitioners to develop their skills in pedagogy (effective teaching and learning) and leadership – including subject specific pedagogy.

Commitment - Welsh Government will ensure effective implementation of the new mathematics GCSEs, the Welsh Baccalaureate and the revised mathematics programme of study across all maintained education settings in Wales, supported by the New Deal for the Education Workforce.

Estyn are being remitted by the Minister for Education and Skills to undertake a review on the quality of provision of financial education in schools from the 2016/17 academic year.

Commitment: Through the Minister for Education and Skills remit to ESTYN, they will be charged with reviewing the teaching and learning of financial education in Wales

Financial education in schools may be provided by teachers or external organisations. Citizens Advice Bureau who work with schools have reported that feedback from pupils and teachers is very positive following their financial capability sessions.

Cardiff and the Vale Citizens Advice Bureau worked with five secondary schools in the Vale of Glamorgan (in partnership with Vibe Experience Ltd) as part of their Young People's Money Management Project 2013. This included several students from a local pupil referral unit. The main aim of the project, funded through Vale of Glamorgan Families First, was to prevent debt and raise awareness of the dangers of poor money management, not just by young people but their families too.

In total 260 young people aged 14-18 took part in the sessions which covered topics such as banking, budgeting, credit and debt. Resources included videos created for young people by young people which helped provide real insights into the difficulties others have faced when managing their money. They were particularly interested in learning about the cost of borrowing associated with different sources of credit and, when going through different budgeting scenarios, how their individual needs and wants varied.

Around 90 per cent of pupils who completed the evaluation (approx. 160 respondents) said they felt more confident about budgeting and have a better understanding of banking, credit and where to get help with debt issues following the sessions.

The Wales Illegal Money Lending Unit has used funds confiscated from loan sharks to develop teaching materials to support the education of children and young people about managing their money wisely and also alert them to the dangers of loan sharks. One pack is suitable for 5-11 year olds, the other is aimed at young people aged 11-19. The bilingual materials are endorsed by the Welsh Government, and can be downloaded from its Hwb digital learning website.

As part of the launch programme for the Wales Illegal Money Lending Unit's (WIMLU) educational packs in March 2015, year 7 pupils at Milford Haven School were given lessons using the education materials developed by WIMLU. The children were taken through a real-life scenario and then worked in small teams to answer questions, play games and compete to achieve the highest score.

The Head of Maths, said: "It's becoming far more evident that children need to be more financially aware in order to avoid money-related pitfalls later in life...after this presentation on loan sharks we will develop the theme further within the school."

A 12 year old pupil who enjoyed the session, commented "It was quite fun to learn about it, so that in the future we know not to make the same mistakes". Her classmate said it had been "great – as well as teaching us serious things it was funny at the same time. I've learnt quite a lot today."

The financial education taught in schools can be enhanced, with learning put into direct practice through primary and secondary schools hosting a school savers club run in conjunction with a Credit Union. In addition to supporting children's learning and understanding of the value of money, school savers clubs also support families by encouraging responsible money management. School savers clubs provide an opportunity for children to get into the savings habit early, learn about different financial options and how they will manage their money as they get older.

Herbert Thompson Primary School in Ely, Cardiff runs an innovative model of a school savers club. The club has 6 pupil volunteers managing the club, supervised by adult volunteers. They collect savings on a weekly basis, with year 6 pupils training and overseeing younger pupils in years 4 and 5, building their money management skills.

Savers get a time credit for saving, and volunteers get additional time credits for managing their savings club. The time credit scheme is managed by the local Communities First Group ACE, and credits can be used in a number of local sports, leisure and arts facilities.

This model has allowed for sustainability amongst volunteers and savers for the club, and it is hoped the model can be rolled out into local High schools.

Commitment: Welsh Government will work with the Credit Union sector and promote the use of school savers clubs, particularly in secondary schools

The importance of financial education goes beyond the school curriculum, with opportunities to promote good financial practices through further and higher education, adult community learning and other informal learning opportunities.

BTECs are vocational qualifications designed to give students the skills they need, to move on to higher education or go straight into employment, through practical, work-related activities in real-life context so they can apply what they've learned.

There is a BTEC qualification covering issues such as managing money and risk, career success and self esteem.

“SWEET” – succeeding with education, employment and training – is billed as a guide on “how to be successful” and targets pupils in Year 9.

The programme is aimed at tackling potentials “NEETs” (not in education, employment or training). Almost 1,000 young people in south Wales are following the scheme – 95% of these gained the qualification of a level 1 or 2 GCSE.

Learner welfare services are available for those in further and higher education, providing information on a range of matters including student grants and can signpost students, or provide referrals, to specialist advice providers where appropriate. Many colleges and universities in Wales work with a wide range of partners, including Citizens Advice and Money Advice Service.

The Money Charity reports considerable demand for their post-16 workshops in Wales, which provide students with important money management skills and knowledge about finance, including university student finance. ColegauCymru managed two UK-funded financial literacy projects: Lloyds Banking Group: Money for Life and Barclays Bank: Barclays Prepare for Work.

The Money for Life Challenge was a national competition that provided small grants to empower teams of 16-24 year olds to develop innovative money management projects that impacted their communities.

CollegesWales / ColegauCymru partnered with Youth Cymru to promote the Money for Life Challenge in Wales. In the four years that the programme ran over 250 groups of 16-24 years olds undertook Money Management projects in their communities. This programme will no longer run.

The UK Winners of the 2015 Money for Life Challenge were the Welsh team DOSH. As a team, the young people had found it difficult to manage money. The team gave an informative talk to the students of Bassaleg on money management and invited them to a ‘Big Event’, where they invited guest

speakers from different organisations to come and share their insight on the importance of money management. DOSH facilitated different interactive games emphasising the value of money management whilst having fun at the same time.

Commitment: Welsh Government and partners will work to encourage private sector organisations to sponsor corporate social responsibility (responsible business practice) projects relating to financial education / capability

Money advice works best when delivered through someone a person trusts. Below the age of 7, children are most receptive to their parents' advice. Throughout adolescence, it is still parents to whom young people are most likely to turn.

Parents and carers can be a key influence on financial capability through providing good role-models of financially capable behaviours; providing money advice and talking openly to their children about money; and providing the opportunity to experience money management.

The Money Advice Service, in partnership with Welsh Government and Big Lottery Wales and various local authority Families First teams will be undertaking a pilot to test the effectiveness of programmes designed to improve children's financial capability through working with parents. Designed with a two-year longitudinal evaluation, the aim is to produce rigorous evidence on the impact and cost effectiveness of parenting programmes. The pilot will raise awareness of parents of the important role they play and equip them with the desire, confidence and ability to develop the next generation of financially capable adults.

Supporting parents to improve their own financial capability and helping them support their children can improve the financial capability of Wales. Families First, Flying Start and Communities First are working with families in more deprived areas across Wales, on issues including money matters. Further examples of what is being done to support families are provided in the MAS Financial Capability Strategy.

The timing of financial education is as important as the quantity. What is needed is "just in time" financial education. For many young people, the period around ages 16 to 18 means they be moving on to higher education, starting their working life, or setting up home on their own for the first time and need to be better equipped to understand the implications of these life events, the real cost of living and how to manage their own money.

Higher education brings a number of financial challenges for young people, including meeting and managing the cost of their education and living expenses, together with the ability to borrow money. NUS Wales¹⁵ have found students who received financial education are more likely to have lower debt levels and higher levels of well-being.

¹⁵ Pound in Your Pocket, Wales 2014

Children and young people who are in care will receive financial education as part of their schooling, but may need additional support to ensure they have the financial capability to manage their money as they leave the care system. As a minimum, care leavers should be aware of online, or other, resources available to help them with budgeting and other financial matters and of advice providers they can turn to if they need additional assistance.

Recommendations from the Consumer Focus Wales report 'From care to where? How young people cope financially after care'¹⁶ include: "...co-ordinate financial education activity to ensure that care leavers not in formal education receive financial education in ways that are most appropriate to their circumstances"; and, "explore different methods of delivering financial education, such as using Peer Educators, to help those preparing to leave care understand the financial choices they may face when living independently for the first time".

Youth workers are in a unique position to be able to respond to financial capability needs creatively and at the right time or 'teachable moments' such as when a young person starts living independently, or turns 18 and has access to credit. Interventions for young people in an informal education setting such as youth clubs and outreach/detached youth work are varied and ad hoc.

The Money Advice Service provides a learning disabilities toolkit to support those working with young people and SNAP Cymru delivers training or information to Families, Children and Young people who have or may have Additional Learning Needs.

Commitment: Welsh Government will work with and support partner organisations to promote and encourage financial capability initiatives targeted at parents, families, children and young people, including through informal and peer-to-peer interventions

Financial education can provide children and young people with the financial skills and knowledge to support themselves through their lives, but we must also consider how to provide or improve these skills for adults.

Financial education / capability courses may be delivered through adult community learning facilities or through targeted courses provided by advice providers and other organisations. In addition to providing specific courses, such organisations can also have a role in signposting students to advice services if they become aware an individual is in need of some financial advice.

As households in Wales move onto Universal Credit (UC), many are likely to need extra support to help them with budgeting, banking and online access as the benefit will be paid monthly, including rent payments being made directly to the tenant rather than the landlord. Housing Associations have concerns about rises in rent arrears and the levels of support tenants will require – as seen during Bron Afon Community

¹⁶ From Care to Where? How young people cope financially after care, Consumer Focus Wales, 2011

Housing Limited's participation in a Department for Work and Pensions (DWP) Direct Payment Demonstration Pilot Project.

DWP and local authorities will be delivering Personal Budgeting Support to claimants during the roll out of UC. Many local authorities in Wales have embedded the Money Advice Service tools and resources developed to support people with the changes.

With many agencies and organisations involved in supporting people to improve their financial capability, multi-agency groups such as the three Financial Capability Forums covering West, South and Mid, and North Wales are an important means of promoting partnership working and sharing good practice.

Welsh Government's Supporting People programme¹⁷ provides support to vulnerable people by helping them to develop the skills they need to live independently. This can include advice on managing personal budgets and signposting to other services such as money and debt advice. Support is often required by the most vulnerable to access and use the services and tools available which are connected to financial problems. But money or debt advice needs to be considered alongside other issues such as domestic abuse, alcoholism, homelessness and other vulnerabilities. In particular, social landlords, housing support providers and Local Authorities working with people who are at risk of homelessness should ensure they are enabled and encouraged to access money and debt advice as early as possible before their tenancy becomes at risk.

Solas (part of Seren Group):

“DG is a young man who had been in care and was just about to go into his first tenancy. I supported him during the move and worked with him to set up all of his utilities and the installation of payment meters for both his gas and electricity. He was in receipt of JSA and had attended a business course for 2 years, supported by the leaving care team. He was really looking forward to finishing his 3rd year of the course. September came and I realised that he would not be able to continue his course as he was no longer getting help from the leaving care team. We tried everything to try and get him money to allow him to continue his last year at college but to no avail. He couldn't claim JSA as he attended a full time course. This was a bitter blow for DG and he became a little despondent, however, with regular visits and lots of time, we discussed his options and he decided to finish his college course and look for work.

He has now found himself a job working in a local bar and is really positive about his future; he also attends the local gym and remains a very happy and well adjusted young man.”

¹⁷ <http://gov.wales/docs/desh/publications/130501spfactsheeten.pdf>

Making Best Use of Household / Personal Budgets

Access to online resources can enable people to reduce their spending on essential household services or to get better deals for goods and services. Some websites provide general information – sometimes related to your postcode – such as the cost of fuel, while others require information about a household or individual. For example, everyone has the potential to benefit from online comparison sites and switching services, whether for car or household insurance or for utility bills, which consider a household or individual's requirements.

We currently have low levels of switching energy tariff or supplier in Wales despite the availability of comparison sites and detailed information on energy bills. Improved financial capability will help people understand their energy bills and the alternatives available to them. Most local authorities are engaged with Welsh Water Assist and the NEST Scheme to promote knowledge of the schemes across their areas.

There has also been a growth in the number of websites providing vouchers or listing discount codes for use to reduce the cost of anything from goods in high-street stores or online, to restaurant meals or holidays.

Commitment: Welsh Government will work with partners to promote the use of examples of saving money, or not spending more than necessary, as a means to engage people in digital inclusion initiatives

Next Steps

Welsh Government will work with the Financial Inclusion Development Group, and other partners, to develop a Delivery Plan during 2016 to take forward the commitments in this Financial Inclusion Strategy.

Glossary

Term	Definition for Financial Inclusion Strategy
Advice	Advice is provided by advisers working with someone to explore a range of options, how they apply to the individual's situation and making decision about what course of action to take (and helping them to take it). Debt and money advice can only be delivered by providers who are regulated with the Financial Conduct Authority.
Areas of Learning and Experience	To combine subjects and other aspects of learning to encourage connections and opportunities to apply learning in new ways.
Corporate social responsibility (responsible business practice)	A corporation's initiative to assess and take responsibility for the company's effects on environmental and social wellbeing.
Credit rating	An estimate of the ability of a person or organisation to fulfil their financial commitments, based on previous dealings.
Defined contributions	A defined contribution pension is a type of retirement plan in which the employer, employee or both make contributions on a regular basis.
Disposable income	The amount of money that households have available for spending and saving after income taxes and essential spending have been accounted for.
Guidance	Guidance provides relevant information to the individual's circumstances but won't recommend any particular products or tell the person what to do.
Information	Information is usually generic printed or online material which sets out facts and encourages independent decision making.
Jam jar account (also known as a budgeting account or a rent account)	A set amount of the money paid into a jam jar account is set aside for essential bills. These bills are then paid via direct debit or standing order. The money remaining is available for the user to spend, either by prepaid card or by withdrawing from a cashpoint.

“NEETs”	A young person who is not in education, employment or training.
Not for Profit (NfP) Advice providers	An advice provider who provides free advice within an organisation that does not seek to make a profit.
Pedagogy	The method and practice of teaching.
Pioneer Schools Network	A network of schools taking the lead on the design and development of the new curriculum and elements of the new deal.
Poverty premium	An extra cost that people on lower incomes can pay for goods and services, compared with the cost that is paid for the same good and services by higher income families.
Protected characteristics	The protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The Equality Act 2010 makes it unlawful to discriminate against people with a protected characteristic.
Statutory body	A body set up by the government to consider evidence and make judgements in a particular field of activity.
Transactional account	A bank account from which its holder can make withdrawals or make transfers to third parties.
Universal Credit	A single monthly payment which merges together some of the existing benefits and tax credits. Universal Credit will replace Income Based Job Seekers Allowance and Income related Employment and Support Allowance.

