

Children, Young People and Education Committee: Report on the Legislative Consent Memorandum for the UK Government's Financial Guidance and Claims Bill

Background

01. On 5 July 2017, Carl Sargeant AM, Cabinet Secretary for Communities and Children laid a Legislative Consent Memorandum¹ for the Financial Guidance and Claims Bill² currently before the UK Parliament. The Memorandum relates to clauses in the Bill which include provisions within the legislative competence of the Assembly.
02. Standing Order 29 includes details about the process for consent in relation to UK Parliament Bills. When the UK Parliament wishes to legislate on a subject matter which has already been devolved to the National Assembly for Wales, convention requires it to receive the consent of the Assembly before it may pass the legislation in question. Such consent is given by the Assembly through Legislative Consent Motions (LCMs).
03. Before a LCM can be tabled, a Legislative Consent Memorandum relating to the legislation in question must be laid and may be considered by an Assembly committee or committees. In this case, the Memorandum has been referred by the Business Committee to the Children, Young People and Education Committee and the Equalities, Local Government and Communities Committee to consider and report on it.
04. This Memorandum has been referred to the Children, Young People and Education Committee (the "CYPE Committee") given the relevance to its portfolio of the provisions relating to the provision of financial education to children and young people. All other aspects of the Memorandum will be considered by the Equalities, Local Government and Communities Committee ("the ELGC Committee").

Policy objectives and summary of the Bill³

05. The UK Government's stated policy objectives are to ensure that members of the public are able to access free and impartial money guidance, pensions guidance

¹ [Legislative Consent Memorandum: Financial Guidance and Claims Bill](#)

² [Financial Guidance and Claims Bill](#)

³ More detail is provided in the [Financial Guidance and Claims Bill Explanatory Notes](#) (as published on the Bill's introduction to the House of Lords)



and debt advice. It seeks to do this by creating a single body, namely the Single Financial Guidance Body (the “SFGB”), responsible for all public financial guidance. The Bill also seeks to strengthen the regulation of claims management companies by transferring supervisory responsibility from the Ministry of Justice to the Financial Conduct Authority (the “FCA”) and makes provision for devolving funding of debt advice to the Devolved Administrations.

Single Financial Guidance Body

06. Under current arrangements government–sponsored pensions guidance, money guidance and debt advice is provided by the Money Advice Service, the Pensions Advisory Service and the Department for Work and Pensions. Furthermore, services are also provided by non–governmental organisations, including financial services firms, and the utilities and charities sector.

07. The stated purpose of the SFGB is to unify government–sponsored services into a single body that:

- provides more joined–up debt advice, money guidance and pensions guidance;
- supports the development of a national strategy to improve financial capability and debt management; and
- co–ordinates the provision of financial education to children and young people.

08. It will be a requirement for the SFGB to:

- co–ordinate the development of a UK national strategy to improve:
 - financial capability of members of the public;
 - ability of members of public to manage debt; and
 - provision of financial education to children and young people.
- take forward a statutory objective requiring the SFGB to work closely with the Devolved Administrations with regards to the provision of information, guidance and advice (covering pensions, money, debt and strategic financial capability to members of the public in the Devolved Administrations).
- provide for the FCA to collect levy payments for the delivery of debt advice in the Devolved Administrations and for funds collected to be transferred by Her Majesty’s Treasury directly to each Devolved Administration.



- set up committees to advise on or to discharge its functions.

Claims Management Services

09. Claims management companies are business which provide advice and / or other services in relation to the making of compensation claims for personal injuries, financial products and services, employment issues, industrial and criminal injuries and housing disrepair.
10. The UK Government reports evidence of malpractice in the sector (such as nuisance calls and encouragement of fraudulent claims). This has prompted it to seek to legislate to establish a tougher regulatory regime, enabling the FCA to regulate claims management activity as a “regulated activity” under the Financial Services and Market Act 2000. The Bill would also provide the FCA with the power to impose a cap on the fees that claim management companies can charge for their services and would place responsibility for complaints–handling in the hands of the Financial Ombudsman Service.

The provisions which are the subject of the Memorandum

11. The Assembly’s consent is sought for provisions which were included at the Bill’s introduction. The provisions are contained in Part 1 of the Bill and relate to the setting up – and role – of the SFGB which will have a role across both devolved and non–devolved subjects.
12. The Memorandum lists clauses 2, 3, 4 and 5 (functions and objectives of the SFGB), clauses 6 and 7 (standards set by the SFGB), clause 8 (financial assistance from the Secretary of State for the SFGB), clause 12 (disclosure of information) and clause 14 (power to dissolve the SFGB) as provisions which require the Assembly’s consent.
13. Clause 2 is of particular relevance to the CYPE Committee as it gives the SFGB a specific function to coordinate the development of a national strategy to improve, among other things, the financial education of children and young people.

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

14. The Welsh Government state that in its view it is appropriate to deal with these provisions in this UK Bill as it enables the provision to come into force at the same time across the UK allowing a coherent approach in a single piece of UK legislation. The Welsh Government believes the Bill represents the most appropriate and



proportionate legislative vehicle to enable these provisions to apply in Wales and to ensure the consistency in the provision of financial guidance across the UK.

15. The Committee wrote to both the Cabinet Secretary for Communities and Children (who laid the Memorandum) and the Cabinet Secretary for Education (given the relevance to her portfolio of the provisions relating to financial education). The Committee asked for further information about:

- Why the Welsh Government considered it appropriate for the SFGB rather than an appropriate Welsh body to have responsibility for creating a strategy to improve the provision of financial education to children and young people in Wales, which is a devolved matter;
- How the Welsh Government anticipates it will work in practice with the SFGB in relation to the provision of financial education of children and young people in Wales;
- How the planned UK-wide strategy would fit with the development of the new Curriculum for Wales and in particular the Welsh Government's stated wish to avoid piecemeal reform.

Welsh or UK body?

16. The Cabinet Secretaries' responses (attached as an Annex to this report) emphasised that matters relating to "...the support and coordination of the provision of financial education (as a curriculum activity) to children and young people is a devolved matter which lies solely with the Welsh Government".

17. They highlighted that while the Welsh Government and other Devolved Administrations would continue to lead on their own individual Financial Capability Strategies, linking national strategies with the UK Strategy was important in order to:

"...ensure that the particular challenges facing devolved administrations are fully recognised in the UK strategy, the full range of funded activities are better joined up, best practice is shared, and partners work more collaboratively across debt, financial capability, and financial education."

18. They also highlighted the benefits of Wales being able to access funding for financial capability and money guidance activities via the SFGB.



Practical arrangements for working with the SFGB

19. The Cabinet Secretaries highlighted the requirement in Clause 2(8)(e) of the Bill for the SFGB to work closely with the Devolved Administrations in relation to the provision of information, guidance and advice to members of the public. They also stated:

“UK Ministers have indicated that the Devolved Administrations will be represented within the SFGB.”

Coordination with the new Curriculum for Wales

20. The Cabinet Secretary for Education referred to Estyn’s recent review of the quality and provision of financial education in schools and the development of teaching and learning in this area, the conclusions of which were published in July 2017. The Cabinet Secretary noted that the Welsh Government is working with the Regional Consortia in Wales and the current Money Advice Service to support schools in this field. She went on to say:

“I do not envisage this changing in substance through the development of the SFGB, though we will keep the matter under review going forward.”

Legislative competence

21. The test for determining whether legislation is within the legislative competence of the Assembly is to consider:

- whether the provision fairly and realistically relates to a devolved subject in Schedule 7 to the Government of Wales Act 2006; and
- whether any of the exceptions in Schedule 7 apply.

22. The Welsh Government relies on the Assembly’s legislative competence under subject 5 ‘Education and Training’, subject 15 ‘Social Welfare’ and subject 4 ‘Economic Development’ in Schedule 7. It also states that the provisions to which it refers do not fall within any of the exceptions specified in any Part of the Schedule.

23. The Committee agrees that the provisions of the Bill that relate to financial education (the focus of the CYPE Committee’s consideration of this LCM) fall within the Assembly’s competence under heading 5 (Education and Training). The Committee also agrees an argument could be made that the provisions around



financial education relate to the protection and well-being of children under heading 15 (Social Welfare).

Appropriateness of the legislative approach

24. As set out in the Memorandum, the Welsh Government believes it is appropriate to deal with these provisions in this UK Bill as it:

- enables the provisions to come into force at the same time across the UK allowing a coherent approach in a single piece of UK legislation; and
- represents the most appropriate and proportionate legislative vehicle to enable these provisions to apply in Wales and to ensure consistency in the provision of financial guidance across the UK.

25. The Welsh Government has also confirmed that there are no financial implications for the Welsh Government if the National Assembly for Wales consents to the provisions applying to Wales.

Committee consideration and conclusion

26. The Committee considered the matters within the Memorandum of relevance to its portfolio (i.e. financial education for children and young people) at its meetings on 20 July and 20 September 2017.

27. The Committee is content that the Bill will make provision in relation to Wales, for a purpose within the Assembly's legislative competence.

The Committee's conclusion: On the basis of the Memorandum presented, and the additional information provided by the Cabinet Secretaries at the Committee's request, Members see no reason for the Assembly to reject the LCM.

However, the Committee wishes to highlight the following points for the attention of both the Welsh Government and Assembly Members:

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1. While current UK Departments may understand that education is devolved and that aspects of the SFGB's functions relating to the support and co-ordination of financial education will in practice be the responsibility of the Welsh Government, without this being formalised (i.e. if the Bill remains as drafted and gives these functions to the UK-wide SFBGB), future UK Governments may interpret this differently to the current UK Government.



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2. Similarly, while the current UK Ministers have indicated that the Devolved Administrations will be represented within the SFGB, and the Bill stipulates that the SFGB must “work closely with the Devolved Administrations in relation to the provision of information, guidance and advice to members of the public”, it would be beneficial to have arrangements placed on a more formal footing to ensure that such approaches continue when administrations change.
 3. The Committee welcomes the steps being taken by the Welsh Government to include financial education in the new curriculum and would reiterate the view of its predecessor Committee that financial education for children and young people is vitally important.
 4. The Committee notes that, while the Bill has not reached consideration in the second House yet, Members have been asked to report on this LCM within a window of 4 working weeks. In future, if Bills on introduction require an LCM, the Committee would welcome a longer window to enable scrutiny of provisions which would otherwise be subject to an extensive four-stage Bill process at the Assembly.
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Annex

Carl Sargeant AC/AM
Ysgrifennydd y Cabinet dros Gymunedau a Phlant
Cabinet Secretary for Communities and Children



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref MA/CS/0483/17

Lynne Neagle
Chair
Children, Young People and Education Committee

23 August 2017

Dear Lynne

Thank you for your letter of 24 July regarding the Legislative Consent Memorandum (LCM) on the UK Government's Financial Guidance and Claims Bill.

I refer to the points in your letter requesting further information and have listed the responses against each point below.

- i. The reasons why the Welsh Government considers it appropriate for the Single Financial Guidance Body ('SFGB'), rather than an appropriate Welsh body/organisation, to have responsibility for creating a strategy to improve the provision of financial education to children and young people in Wales.
 - As 'Education' is devolved, the aspect of the SFGB's strategic financial capability function to support and co-ordinate the provision of financial education (as a curriculum activity) to children and young people is a devolved matter, which lies solely with the Welsh Government. This is recognised by DWP, the sponsor department.
 - The Welsh Government (and the other Devolved Administrations) will continue to lead on its own Financial Inclusion Strategy, which includes financial capability of children and young people. However, as happens now with the UK Financial Capability Strategy, it is important to link both strategies to ensure that the particular challenges facing devolved administrations are fully recognised, the full range of funded activities are better joined up, best practice is shared, and partners work more collaboratively across debt, financial capability and financial education.
 - Schools and learning settings in Wales will be able to access the financial capability and money guidance activities that will be funded through the

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

SFGB. This function is currently undertaken by the Money Advice Service ('MAS') and financial education/capability projects provided across all age groups within Wales have recently benefitted from £1.7 million funding through the MAS 'What Works Fund'. These projects are testing the effectiveness of various interventions in order to build the evidence base around what types of interventions make a measurable impact on bringing sustainable improvements to people's financial capability. It is important that Wales continues to benefit from funding in this area, and these activities are appropriately linked to devolved debt advice funding.

- ii. How the Welsh Government anticipates it will work in practice with the Single Financial Guidance Body in relation to the provision of financial education of children and young people in Wales.
- Clause 2(8)(e) within the Financial Guidance and Claims Bill provides that the Single Financial Guidance Body (SFGB) will work closely with the Devolved Administrations. The requirement for the SFGB to work with the Devolved Administrations reflects the SFGB's UK wide role on money guidance and in its coordination role of a UK national strategy covering debt, financial capability and financial education which will reflect the Devolved Administrations' lead on debt advice within their jurisdictions.
 - MAS officers meet regularly with officials to ensure MAS funded activities are supporting the strategic priorities of the Welsh Government as set out in the Financial Inclusion Strategy and Delivery Plan, and this is expected to continue with the new SFGB.
 - The Bill requires the SFGB to establish a committee and UK Ministers have indicated that Devolved Administrations will be represented within the SFGB. In particular, UK Ministers' propose that representatives from the Devolved Administrations should have a formal role in the commissioning of local services to take full advantage of local expertise and sectoral knowledge. In this regard, the Bill includes provision requiring the SFGB to work with the Devolved Administrations in respect of its strategic financial capability function together with providing the objective that the SFGB works closely with the Welsh Ministers regarding the provision of information, guidance and advice to members of the public.

Yours sincerely



Carl Sargeant AC/AM

Ysgrifennydd y Cabinet dros Gymunedau a Phlant
Cabinet Secretary for Communities and Children

Annex

Kirsty Williams AC/AM
Ysgrifennydd y Cabinet dros Addysg
Cabinet Secretary for Education



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref MA/CS/0483/17

Lynne Neagle
Chair
Children, Young People and Education Committee

23 August 2017

Dear Lynne,

Thank you for your letter of 24 July regarding the Legislative Consent Memorandum (LCM) on the UK Government's Financial Guidance and Claims Bill.

I refer to the points in your letter requesting further information and have listed the responses against each point below;

- i. The reasons why the Welsh Government considers it appropriate for the Single Financial Guidance Body (SFGB), rather than an appropriate Welsh body/organisation, to have responsibility for creating a strategy to improve the provision of financial education to children and young people in Wales.
 - As 'Education' is devolved, the aspect of the SFGB's strategic financial capability function to support and co-ordinate the provision of financial education (as a curriculum activity) to children and young people is a devolved matter, which lies solely with the Welsh Government. This is recognised by Department for Work and Pensions, the sponsor department.
 - The Welsh Government (and the other Devolved Administrations) will continue to lead on our own Financial Inclusion Strategy, which includes the financial capability of children and young people. However, as happens now with the current UK Financial Capability Strategy, it is important to link both strategies to ensure that the particular challenges facing devolved administrations are fully recognised in the UK strategy, the full range of funded activities are better joined up, best practice is shared, and partners work more collaboratively across debt, financial capability and financial education.
 - Schools and learning settings in Wales will be able to access the financial capability and money guidance activities that will be funded through the SFGB. This function is currently undertaken by the Money Advice Service

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

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(MAS) and financial education/capability projects provided across all age groups within Wales have recently benefitted from £1.7 million funding through the MAS 'What Works Fund'. These projects are testing the effectiveness of various interventions in order to build the evidence base around what types of interventions make a measurable impact on bringing sustainable improvements to people's financial capability. It is important that Wales continues to benefit from funding in this area, and these activities are appropriately linked to devolved debt advice funding.

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 - MAS officers meet regularly with officials to ensure MAS funded activities are supporting the strategic priorities of the Welsh Government as set out in the Financial Inclusion Strategy and Delivery Plan, and this is expected to continue with the new SFGB.
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- iii. How the planned UK-wide strategy would fit with the development of the new Curriculum for Wales and in particular the Government's wish to avoid its piecemeal reform.
 - The Welsh Government asked Estyn to undertake a review on the quality and provision of financial education in schools and how teaching and learning in this area has developed. Estyn's review is one of the actions within the Welsh Government Financial Inclusion Delivery Plan, which sets out actions and success measures required to monitor progress in enhancing support for financial inclusion and financial education across Wales.
 - Estyn published their findings in July 2017. Their findings will inform future curriculum development, indicate areas of good practice, and provide a steer on potential areas for improvement. A copy of the report and the Government response can be found at:

<http://gov.wales/topics/educationandskills/schoolhome/raisingstandards/estynremit/estynreports/managing-money-financial-education-in-primary-and-secondary-schools/?lang=en>

- Welsh Government is working with our four Regional Education Consortia and the MAS to support schools in using interventions that help them to measure and understand changes in learners' financial skills. This includes resources which we are actively promoting to schools, designed to enhance teachers' skills, knowledge and understanding to drive the effectiveness of financial education. I do not envisage this changing in substance through the development of the SFGB, though we will keep the matter under review going forward.
- iv. What is known at this stage on how financial education will be provided under the new Curriculum for Wales.
- Estyn's review findings will be taken into account in the development of the new Areas of Learning and Experience (AoLEs). Work on the AoLEs commenced with Pioneer Schools in January 2017.
 - Through the reform arrangements we have put in place, it is for the network of Pioneer Schools to consider the scope of each of the curriculum AoLEs. In this context, this relates to both the Mathematics and Numeracy and Health and Well-being AoLEs. In so doing, Pioneer Schools will be working with key relevant organisations, including the Money Advice Service, Credit Unions and Estyn, to consider how financial education should feature. For example, the mathematics and numeracy Pioneer working group will meet these external experts to consider financial education in September, and I fully expect their input to be drawn on further as curriculum development work progresses.
 - I am also clear that our education reforms will also include significant support for our teaching professionals. That is why I launched the National Network for Excellence in Mathematics (NNEM) in July, as part of our national approach to professional learning. I have asked the NNEM to work with Pioneer and lead schools to support evidence-based pedagogical development in financial education, for improved classroom practice, ensuring that the teaching workforce has access to appropriate training, development and support linked to the new curriculum.

Yours sincerely



Kirsty Williams AC/AM

Ysgrifennydd y Cabinet dros Addysg
Cabinet Secretary for Education