

# Wales



## Wales

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### Context

The usually resident population of Wales was 3.1 million people living in 1.3 million households in 2011, with nearly one in five of residents aged 65 or over. Wales had a higher percentage of residents with a long-term health problem or disability. One in four of those aged 16 and over reported having no recognised qualification.<sup>208</sup> There are 700,000 people in poverty in Wales, equivalent to 23 per cent of the population.<sup>209</sup>

The Welsh Government has long recognised that financial exclusion and over-indebtedness are issues that need serious consideration and concerted action.

In 2005 the Welsh Government published the *Review of Over-indebtedness*;<sup>210</sup> and in August 2007 the Financial Inclusion Unit was established and began to develop Wales's first Financial Inclusion Strategy *Taking Everyone into Account*.<sup>211</sup> There has been an excellent historical working relationship between the Money Advice Service (and previously CFEB and the Financial Services Authority) and the Welsh Government who have worked together to promote financial inclusion and financial capability in Wales since the original Financial Inclusion Strategy for Wales was published in 2009.

Following on from the existing Welsh Government strategy, and in consultation with a ministerially-agreed external advisory group, the revised 2016 Financial Inclusion Strategy will build on the key themes from the 2009 strategy. The Financial Inclusion Strategy will set out how the Welsh Government aspires to work with partner organisations, both within Wales and at the UK level, and be focused on three core themes:

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

The definition of financial capability used in the Financial Capability Strategy (illustrated in the Financial Capability Strategy framework on page 11), agreed through Money Advice Service consultations is now broader than the one used by Welsh Government, which only covers the more historically understood Internal Capability factors (Mindset and Ability) as financial capability.

For the Welsh Government, the Enablers and Inhibitors factor (Connection – Ease and Access) is considered part of wider Financial Inclusion considerations.

Following consultation with the Money Advice Service Wales Forum and with the Welsh Government's Financial Inclusion Development Group, there is general agreement that there should be one Strategy for Wales. The Wales Financial Capability Strategy will be included as part of the Welsh Government's revised Financial Inclusion Strategy that is currently being developed. As such the ambitions for both will be aligned. Where there is crossover in relation to 'ease and access', the Financial Capability Strategy will concentrate on the knowledge, skills, attitudes and motivation of the connection rather than the financial inclusion factors, which will be covered under the other two themes of the Welsh Government Financial Inclusion Strategy.

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<sup>208</sup> <http://gov.wales/docs/statistics/2012/121211-census-2011-second-release-data-wales-en.pdf>

<sup>209</sup> <https://www.jrf.org.uk/report/monitoring-poverty-and-social-exclusion-wales-2015>

<sup>210</sup> <http://webarchive.nationalarchives.gov.uk/20080910110835/http://new.wales.gov.uk/dsjlg/publications/communityregendevlop/overindebtedness/report?lang=en>

<sup>211</sup> <http://gov.wales/docs/dsjlg/publications/comm/090924fininclstraten.pdf>

The Financial Capability Strategy will also support the Welsh Government's Programme for Government and relevant strategies and programmes within that:

- The revised **Child Poverty Strategy**, published in March 2015, which 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 and action to mitigate the impacts of welfare reform”.
- The Welsh Government **Advice Services Review**<sup>212</sup> published in May 2013 explored how a stronger advisory network in Wales could be developed to ensure better co-ordination and collaboration between advice services. From this review, recommendations included a National Advice Network. This was established in 2015, bringing together funders, advice providers, umbrella organisations and other partners to discuss the mapping, 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 Welsh Government's **Warm Homes programme**, has made considerable investment to address home energy efficiency in low income communities and households. Within this programme the advice and support includes referral for a Benefits Entitlement Check, money management advice and Warm Home Discount rebate, amongst others.
- 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 includes a strong emphasis on prevention and a duty on local authorities to provide information, advice and assistance services within the new model of social care.
- The implementation of the **Housing (Wales) Act 2014** 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 **National Youth Work Strategy for Wales 2014–2018** calls on the sector to ensure youth work provision acts as an effective preventative service, supporting young people's engagement and progression in education and training in preparation for employment and wider adult life.
- The **Strategy for Older People** Phase 3, Living Longer, Living Better - Delivery Action Plan focuses on the three priorities for the Strategy for Older People. These priorities are that older people in Wales have the social, environmental and financial resources to age well.

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<sup>212</sup> Advice Services Review <http://gov.wales/statistics-and-research/advice-services-review/?lang=en>

## **Wales Financial Capability Survey 2015**

The 2015 Survey finds that people in Wales are managing money day to day more effectively than they are planning for life events and the future. This is similar to the picture in the UK overall.

But in Wales, slightly smaller proportions are saving every or most months than in the UK overall. In addition, working-age people in Wales are keeping up slightly less well with bills and commitments than the UK average. In the UK overall, there is an even split between working-age people keeping up without difficulty and those struggling. In the Wales working-age population, the struggling slightly outnumber those keeping up without difficulty. People in Wales score slightly above the UK average on the three skills and knowledge questions.

For **young adults** the survey tells us that young people in Wales are evenly split between keeping up with bills without difficulty (38%) and struggling (62%). Only 42% rate their approach to keeping track of income and expenditure as 8 or more out of 10. Almost two-thirds of young people (56%) claim to know their current account balance to within £50. Just over half (55%) of young people save every month or most months. Two-thirds (60%) could pay an unexpected bill of £300 from their own money or from savings without cutting back.

Of **working-age people** in Wales there are more struggling or falling behind (61%) than keeping up without difficulty (39%). In respect of household income/expenditure, 50% rate their approach to keeping track as 8 or more out of 10, 54% claim to know their current account balance to within £50 or less and just over half (51%) save every month or most months. 63% could pay an unexpected £300 bill from their own money or from savings without cutting back. When it comes to keeping track of income & expenditure, 51% regularly check incomings and outgoings.<sup>213</sup> These statistics are in line with the UK as a whole, but there is still room to improve both budgeting skills and awareness of and choice of the most appropriate products.

For older people in Wales the survey tells us that most say that they are keeping up with bills without difficulty (63%) though some are struggling or falling behind (37%). With regard to household income and expenditure, 78% rate their approach to keeping track as 8 or more out of 10 and 56% claim to know their current account balance to within £50. 43% of older people in Wales save every month or most months and 80% could pay an unexpected bill of £300 from their own money or from savings without cutting back.

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<sup>213</sup> Financial Capability Survey, Money Advice Service 2015

## ***The Wales Financial Capability Strategy***

The Wales Strategy and its action plans have been developed in consultation with a wide number of stakeholders across Wales including the Welsh Government, local government, the advice sector, housing associations and the third sector. It sets out how everybody can work together to deliver collective impact to improve financial capability across Wales.

The Financial Capability Strategy is aimed at all key stakeholders including the Welsh and UK Governments, local authorities, housing associations, advice providers, banks, utility companies, community organisations, and programmes aimed at tackling poverty – including Communities First Clusters, Families First teams, Flying Start teams, the Supporting People programme and credit unions.

The Strategy will be owned and managed by the Wales Forum which includes representation from a wide range of organisations. This group will feed into the relevant governance for the revised Financial Inclusion Strategy and any delivery plan for that strategy.

Following feedback from consultations which have included the three financial capability forums in Wales, the independent advice providers' forum, the Welsh Government's Financial Inclusion Development Group and the Money Advice Service's Wales Forum, recommendations for action have been identified and agreed by the Wales Steering Group.

- For **children and young people** – work towards more effective evaluation and consistency of existing provision in schools; increasing the capacity for more financial capability interventions; support for informal and peer-to-peer interventions and more interventions targeted at families and parents.
- For **young adults** – targeting support for those most in need, looking to provide financial education in all learning environments (formal or informal, FE and HE) and equipping young people to be financially independent when they leave home.
- In respect of **working-age people** – improve basic money management skills; reduce the impact of welfare reform; influence attitudes to affordable credit; implement interventions to help people build financial resilience; and provide support for vulnerable groups.
- For **older people** in Wales – support older people to access financial capability initiatives and raise awareness of preventative money advice; tackle scams, fraud and financial abuse; and enable older people to make more informed choices about using their pension assets plan ahead for future life events.

Through consultation, actions linked to these priorities have been identified for consideration and prioritisation by the Wales Forum. These actions can be found in the Wales Financial Capability Strategy document, due to be published [online here](#) shortly. They include:

- increase consistency of financial education in all learning environments targeting learners of all ages and those that support and teach them;
- share the learnings from the Money Advice Service and Community Housing Cymru pre-tenancy work with housing associations to understand how pre-tenancy work can support debt prevention;
- work closely with the Wales Against Scams Partnership (WASP) to support the development and implementation of an action plan to tackle scams in Wales; and
- the Money Advice Service, Big Lottery Wales, public and third sector working together to deliver a parenting pilot to develop financial capability behaviours in young children through their parents.