

National Assembly for Wales

Communities, Equality and Local Government Committee

March 2012

Cynulliad
Cenedlaethol
Cymru
National
Assembly for
Wales



Report on the Legislative Consent Memorandum on the Financial Services Bill

Background

1. The Financial Services Bill (“the Bill”) was introduced in the House of Commons on 26 January 2012. The Bill provides a new framework for financial regulation in the United Kingdom. The Bill makes the Bank of England responsible for ensuring and protecting the stability of financial systems in the UK and provides for an independent conduct of business regulator. The Financial Services Authority will be abolished, and its functions transferred to other bodies.

2. On the 3 February 2012, the Minister for Local Government and Communities tabled the following motion:

“That the National Assembly for Wales, in accordance with Standing Order 29.6, agrees that provisions of the Financial Services Bill as introduced into the House of Commons on 26th January 2012 relating to the Consumer Financial Education Body, in so far as they fall within the legislative competence of the National Assembly for Wales, should be considered by the UK Parliament.”

3. On the same date, the Minister laid before the Assembly a Legislative Consent Memorandum¹ related to the motion. The LCM briefly explains the background to the Bill and why the Welsh Government considers that the UK Parliament should be permitted to legislate in areas that fall within the competence of the National Assembly for Wales.

4. The Legislative Consent Memorandum was considered by the Business Committee on 7 February. It agreed to refer it to the Communities, Equalities and Local Government Committee (“the Committee”) for scrutiny. The

¹ <http://www.assemblywales.org/bus-home/bus-business-fourth-assembly-laid-docs.htm?act=dis&id=230149&ds=3/2012>

Business Committee also agreed that the Committee should report on the Legislative Consent Memorandum by 21 March 2012. The motion is due to be considered in plenary on 27 March 2012.

5. The Committee considered the Legislative Consent Memorandum at its meeting on 1 March 2012.

Our view

6. We note that the Bill includes provisions that relate to the Consumer Financial Education Body (CFEB), which has a statutory function to enhance the understanding and knowledge of members of the public of financial matters and enhance the ability of members of the public to manage their own financial affairs. We also note that the Bill will extend the function of the CFEB to require it to assist members of the public with the management of debt and work with other organisations to improve debt services.

7. While matters relating to financial services and consumer protection are outside the legislative competence of the National Assembly, we recognise that limited provisions within the Bill relating to education do fall within its competence.

8. Given that the regulation of financial services is not devolved in any part of the UK and that the Bill, if enacted, will apply throughout the UK, we consider that it is sensible for a UK- body, fitting within the structure established by this Bill, to have responsibility for the provision of education and assistance to consumers in relation to financial services.

9. Therefore, we consider that it is appropriate for the UK Parliament to legislate on this matter as described in the Welsh Government's Legislative Consent Memorandum.

10. Accordingly, the committee has no objection to the use of a Legislative Consent Motion as proposed by the Welsh Government.