

TRANSCRIPT OF ORAL EVIDENCE

MINUTES OF EVIDENCE
TAKEN BEFORE
FINANCIAL INCLUSION COMMISSION

THE NORWEGIAN CHURCH ARTS CENTRE, HARBOUR DRIVE, CARDIFF CF10 4PA

FRIDAY 9 JANUARY 2015

MS PAULA HOLLAND AND MS BETHAN JENKINS AM

Oral Evidence

Taken before the Financial Inclusion Commission

Members present

Chris Pond MP (In the Chair)

Laurie Edmans

Dame Mary Marsh

Jennifer Duncan and Lisa Stidle, in attendance from the Commission

Examination of Witnesses

Witnesses: **Ms Bethan Jenkins**, Assembly Member, Welsh Assembly, and **Ms Paula Holland**, Welfare Reform Officer, Welsh Local Government Association, gave evidence.

Chairman: I am Chris Pond. I am acting as Vice Chair of the Financial Inclusion Commission, and we have here Dame Mary Marsh and Laurie Edmans, who are two other Commissioners.

[Housekeeping remarks]

Just a brief word about what we are doing here – and I know that both of you have been heavily involved in the whole issue of financial inclusion and financial capability, so thanks very much for sharing some of that expertise with us. We decided that now was the time to set up an initiative which would try to push the whole issue of financial inclusion up the agenda in the remaining months before the May General Election, given that it is, of course, some time since we had the Treasury taskforce on financial inclusion, chaired by Brian Pomeroy, President of this particular initiative. There is a feeling that things have changed considerably since 2011 and that, in some respects, the issue has become more challenging and more difficult. In other respects, of course, in terms of the extension of basic bank accounts, we are moving forward, but we felt that we needed to make sure we got some sort of commitment from the main political parties towards promoting financial inclusion and to get something, if we can, into the manifestos. That, then is our target and our challenge.

Our main focus, I have to say, is more on what can be done to meet the challenge of financial exclusion. We are not a war commission, so we do not want to delve too much into the research and

the particular characteristics of the problem. I think we know, on the whole, what the problem is, although we would be pleased to hear from you if there are particular aspects that you would like to highlight. Really, we particularly would like to hear any suggestions that you have and that we can put to the political parties and say, ‘This really ought to be part of the programme moving forward.’

Could I ask you, first of all, just to say a few words of introduction? Bethan, could you begin – you have been very heavily involved in this and trying to get changes in legislation, which have now been picked up – as to how you see the issue?

Ms Jenkins: Yes. Thank you for inviting me. I am pleased to give evidence because I think it is really important in terms of what you say you are going to be doing in the run-up to the General Election. Certainly, in my party, I would hope that we will be putting something in the manifesto, but that does not mean that other parties should not be doing it too. With regard to my work, I put forward the Financial Education and Inclusion (Wales) Bill in July 2013. That was a ballot situation, where all AMs could put ideas forward to the legislative process. Luckily, it was chosen from that randomised ballot.

Chairman: Is it a bit like a Private Members’ Bill?

Ms Jenkins: It is a bit like a Private Members’ Bill, yes. It is done in a different format, but it is the same. Then that gave me the opportunity to have a debate in the national Assembly on the principles of my Bill. I did some preconsultation for that – it was not necessary for me to do that, but I did – with the outreach team from the Assembly. We did a consultation with young people, and 97% of those people said that they would like to have more education on finances in schools. The caveat, however, was that they did not want it to start too early; they wanted it to start at Key Stage 3. They did not want it to start with four- or five-year-olds, although there was a debate during the Committee stage as to when is too early and when is too late for such education.

The idea from me – and this will not be a surprise to you around the table – emanated from me going around my region and talking to many people who were faced with issues surrounding payday lenders squeezing their finances due to the current situation in terms of welfare reform and so forth. I specifically spoke to groups in Swansea, including women and mothers who were going to access provident loans and so forth because they could not afford to live their lives. The area I represent has a high propensity of deprivation in former mining and de-industrialised areas. There is no free-bank access within miles of where they live, so this was a massive challenge for them. I remember somebody saying to me, ‘It is an expensive business being poor’, constantly having to juggle, to balance and to find out where the next pound is coming from to feed others in the family.

That, then, was the context for me.

The Bill was one of two stages. The first part was preventative with regard to the education system and wanting to start as early as possible to embed it into the national curriculum. The Government, of course, was doing and was saying they were doing things in that regard with regard to the Literacy and Numeracy Framework, but my argument was that that needed to be enhanced and developed. Also, the fire-fighting element of the Bill was to increase the work on the local-authority side, which was to make financial-inclusion strategies statutory. They do exist but not across all of Wales. From the research we had back from local authorities – because, unfortunately, the WLGA did not respond to the investigation – some local authorities had plans in different guises, such as anti-poverty plans. Swansea was very strong and has a working group looking at all of these issues. It wants to potentially legislate so that it would not have lots of betting shops in the town centre, or so that it could do something about not having so many of the BrightHouses of the world along the streets.

That, however, was not within their legislative competence, nor mine, so it is about having stronger strategies that would have reporting mechanisms so that we could make the accountability stronger. I am well versed in all of this, so I will not go on too much, but the strategies have not been renewed since 2011, and we feel that this is something that should be prioritised now on the education front. Part of what we wanted to do was to make sure Estyn does continuous monitoring through thematic reviews on financial education.

To cut a long story short, we had a debate before Christmas on the Stage 1 level of my Bill, which was after it went to the initial committee stage, where they scrutinised me, the Minister and others. I came to agreement with the Welsh Government as opposed to taking it to Stage 2. I can tell you what that means now or later – I do not mind. There will, then, be developments, but it will be a continuation of the Bill. I think it is still a positive. If there were some roadblocks, I can answer later as to why the Bill has not gone forward as a law. The Government and I disagreed on the necessity of that. I believe it should be part of primary legislation in terms of the educational aspect, and I also believe that the strategies should be statutory, but they did not agree with me on that fundamental aspect. Being in the position of having a Labour majority, we had to be sensible in negotiating the deal and I did not want to see my work drop from existence. I can tell you a bit later about how that came about, but that is just a broad analysis of –

Q. Chairman: Just share with us: what was the argument against the statutory underpinning?

Ms Jenkins: They were saying that they were doing enough already, but then they were also saying that it would cost too much to do it. My argument was that it was a bit hard to understand: ‘You are either doing it already or you are not. If you are doing it already, you are already putting the money into it.’ That, then, was their main argument. The Government has to push a financial resolution on any Private Members’ Rule and, because they refused to do that, it would have meant that my Bill would not have gone through to the next stage anyway, because they said that they could not justify the spend. The only costings I could get, however, were costings that I did based on some information that I had from some local authorities. The Government did not give me any costings throughout the whole process, until the very end, when they realised where this was going and that I had support from the other opposition parties. It was, then, a bit of an unfair thing from the start, really. If I had had better communication from them in terms of the costings around how they put forward the education plans and so forth, that would have helped me, because the money that I had quoted would have been what it had cost if the Government were not doing anything at all at the moment. They misinterpreted the costings, which is ironic, considering we are discussing financial education and financial inclusion.

We are where we are, however and, just to be short, I am able to nominate someone to go on the Donaldson review in terms of looking at how we can embed further financial education within our structures in schools. I can nominate someone to go on to the Financial Inclusion Strategy review, which is going to start soon. I have had discussions with civil servants since the vote last year about that, so I am pleased that the strategies will be renewed and reviewed. I will be able to initiate discussion with Estyn over more continuous monitoring of financial education in schools, hopefully getting a three-year thematic review as a cycle, a cyclical element of the school structure, and also potentially something within the new Future Generations Bill, which is an all-encompassing Bill looking at how communities live and develop. I hope that I can do something on that level. That, then, was the deal, so to speak. I think it is a good thing in a way because it means that I get continuous involvement. The law would have been on the statute books, but I suppose these are things that we have to deal with, and I hope that this will mean that I can keep a close eye on the Government.

Q. Chairman: That touches a chord with me, because I have just had to do those negotiations around a bill to improve the protection for children at work. It was about the horse-trading and saying, ‘Can you accept these bits of the bill, even if you cannot accept the other bits?’ and recognising that it is better to get something on the statute book rather than everything that you want.

I thought it would be good to bring Paula in to talk about the local-government perspective, and we then have a number of questions for both of you. Could I just ask one more thing, Bethan, before we do, specifically on what you said? You said that there was overwhelming support for the idea of financial education in schools, but not too early. What was the feeling around that? Why should it not go to the seven-year-olds and younger?

Ms Jenkins: Just to clarify, in that particular consultation, that is what young people said. When different organisations came to give evidence, there was a mix of opinion. I came to a decision based on that mix of opinion. Some were saying it should be much earlier – as early as possible – and some people were saying later, because they did not feel that young people could understand certain things at a certain age. Then again, you would tailor it, would you not, for certain ages? I tried to come to an educated opinion as to when that should start because, within the foundation phase, there are some elements of dealing with money, but I did not see that you would need the specification at that age. Due to that variation in opinion, that is why I came to that decision, but it is still contested now and I am sure it will go on being contested as to how early. I see it more as a core life skill, as I suppose you do. Having spoken to the OECD, they are of that mind-set too. For me, then, the earlier, the better. We all know, especially with languages and so forth, the earlier you learn, the better. That is where I come from.

Q. Dame Marsh: We have had some good evidence about savings schemes in primary schools, which I think are very powerful. As you say, it is stage by stage, is it not, rather than doing all of it at once?

Ms Jenkins: No, you would not be able to.

Chairman: Teaching six-year-olds to trade in derivatives may not be quite appropriate.

Mr Edmans: They might do better than some of the –

Chairman: Yes, absolutely.

Ms Jenkins: Martin Lewis did a study and found that children went home and saved a few thousand pounds per family from having had that workshop in a day. That is what children are doing and bringing back those skills to their parents, who may not have those skills. We know that they do not have those skills. It is not just families in deprived areas, but also middle-class families who are taking loans out or maxing out on credit cards. That is something that we need to recognise too.

Mr Edmans: Among various other things that I get up, I am one of the non-executive directors of the Money Advice service. One of the points that you made which really resonates with me is your analogy with language. I was surprised at one of the studies that the Service did when it came up with the conclusion that money habits are formed when children are under seven. Intuitively, that felt very strange to me, but your analogy with language, especially having two grandchildren who are bilingual – they now speak French and English – has really helped me to understand that stuff about finance.

Q. Chairman: I am sure that, as a former educator and CEO of NSPCC, Mary will want to come back on that as the discussion goes on. Could I ask Paula to say a few words on the local-government perspective? We have some sense of the national perspective.

Ms Holland: I am going to come at it from a frontline, coalface point of view, because that is what the local authorities do and that is their business: talking to residents. I am trying to represent what 22 local authorities are doing. My memory is not that good, so I have made loads of notes to make sure that I do not miss anything.

I think most of us are acutely aware of what the problems are around financial exclusion. For some time now, the local authorities have been working with their residents to try to get people more financially included as far as possible, and to put some mitigation and some processes in place to ensure that that happens. The main problem they are coming up against at the moment is getting people to engage with us, especially around financial problems. They will happily tell us that they do not have a laptop or that they are in a notspot and cannot get access to Wi-Fi; what they will not do is tell us if they have an outstanding debt and if they need help and support in those areas. I think that that is quite a major challenge for all authorities: getting customers at the first point to come in and open up to us.

When we do that, one of the unintended consequences is that, the more successful we are, the more it drives up pressure on those organisations to provide that support. It is well-known at the moment that local authorities across the country – and especially in Wales – are under intense budget cuts, and the pressure from that means that they are having to make very difficult decisions about providing essential statutory services and other services that are really desirable. They are having to make difficult decisions.

One of the issues for us, then, is how we use the money that we have and build those partnerships locally to try to enhance the digital and financial provision that is going to be required for customers now and going forward, especially when Universal Credit starts rolling out through the

migration phase.

We have talked about banking already. For some of our customers, banking is just an aspiration because of their historical credit rating, maybe, or they cannot get access to easy bank accounts. We are looking very closely at providing some alternatives in the form of credit-union accounts etc, but they do charge. They are non-profit-making organisations but they do charge. For some people, if you ask them for £5 a month you may as well ask them for £500 a month. It is just not doable.

People in work also have financial difficulties, and we are working with people who are in work and who may receive Working Families Tax Credit. We are working with them to try to get them into work and on things like training and increasing their hours – anything with regard to the work environment. It is about helping them deal with childcare costs. Getting them into work is one thing but, if they are having to pay all that money out at the end of month for childcare costs anyway, it is somewhat defeating the object.

Another thing is transport links. A lot of areas in Wales are very rural, and a big challenge for us, particularly with the cuts that are coming at the moment, for whatever reason, is around improving links or accessibility to these services and that provision, while we are trying to make transport cuts across the country.

In general terms, those are what the problems are. From a policy point of view, which is where I tend to get a bit more involved, the obvious things are the spare-room subsidy – call it ‘under occupancy’ or the ‘bedroom tax’ or whatever you like. It increased the applications for Discretionary Housing Payments that councils pay to support shortfalls in rent across Wales, by an average of 250% within the first year. That is a massive amount of pressure on the administrators, which sometimes mean that they are maybe not dealing with those applications as quickly as they would like to. It is fair to say that we have had additional money from DWP, but it goes nowhere near meeting that kind of increase in demand. What the local authorities are having to do, then, is to make some very difficult decisions around who they are supporting now.

Universal Credit has come in, with the housing-benefit element of it. Lots of people agree with the principles of Universal Credit – getting people back into work, giving them support, and changing culture and behaviours – but the risk factor for us in all of us – and we have worked with DWP along these lines – is the housing-benefit element. We think moving to one payment per one person in a household, including rent, in one go is just too much, too quickly. There was something I was going to come on to at the end about potential resolutions, and we would like to see the housing-benefit element deferred and to leave those housing-benefit payments with the councils paid

directly to the landlords. At the moment in social housing and local-housing allowance, customers are safeguarded. We can work with those customers over a much longer period of time, which will help us understand who the vulnerable might be, before moving to the housing-benefit element at some point in the future. People are waiting an inordinate amount of time for their new-claim decisions to come through.

The benefit cap is not such an issue, numbers wise, in Wales; we do not have the numbers that you are seeing in England, but I think that it is fair to say that, where customers are impacted by the benefit cap, the impact is quite significant because we are talking about quite a big drop in income. The resolution for them is not always as easy, because the way to get out of the benefit cap is to get a job. They have large families and, if they are able to find work and are ready to find work, childcare costs start to kick in. There are lots of issues that sit around this.

Another thing that we have is the Discretionary Assistance Fund – I think it is called Local Welfare Provision in England. It has been devolved and is being managed by the Welsh Government at the moment. We have had a two-year initial contact with Northgate, which is delivering the service on behalf of the Welsh Government. We do not know what funding is going to be available from April onwards this year, but the Welsh Government has told us that there is some funding available in its baseline, which is slightly different to the message that has been given in England, although we have not had any detail around that. The consequence is that, if the money drops or disappears altogether, there will be additional pressure on local authorities and other partner organisations out there to try to pick up some of that support, at a big cost.

My role is one of a lynchpin between DWP policy developers and the local authorities. I work with the local authorities and represent them at a number of partnership forums and workshops, where policies are being developed across a spectrum of welfare reforms. All the communication around welfare reform comes from me to the local authorities. I spend my time working quite closely with the local authorities, making sure that we know what is coming. We look at how we can redevelop our services and the service provision that we need to have going forward, with reduced money. We share lots of best practice around what other authorities are doing across the border.

A big part of what I do is trying to develop partnership engagement across Wales. We all know that our funding is reducing – not just local authorities but DWP partner organisations in the voluntary sector – so we need to come together much better going forward and to deliver those services together instead of silos, as we used to previously. That is a big part of my job: developing those local relationships and making sure that we are working together and that we have strategies across all 22 local authorities to allow that to happen.

I also sit on the Local Support Services Framework taskforce, which is now called Universal Support Delivered Locally. DWP, on the instruction of Lord Freud, have been developing the Local Support Services Framework for the last years jointly with the three local-authority associations. I represent the Welsh local authorities on that taskforce. For some time now, we have been working with a number of pilot initiatives, canvassing local authorities to test out and trial some innovative ideas, making sure that best practices and learning are captured and fed back to the local authorities and partner organisations so that we can test and trial those processes in a safe environment before putting them into live running. We had a pilot led by 12 local authorities the week before last. We have put out the learning from that. That was a joint project between DWP and the local-authority organisations.

We are now in the process of running a further 11 test-and-trial pilots. The first one, which we are in the very early stages of, is looking at digital and financial provision. Because that was some time ago, however, we were just starting to learn about what the impacts would be, what we could do for customers who were slightly different, and what they would need from us. We did that and I think we have moved into a phase now of looking at how we can understand the costs and volumes that may come in. We are going to have to go back to Treasury at some point to present a business case to get some money to support that activity going forward. That, then, is what we are doing at the moment.

The local authorities are doing many things. They are working very closely and collaboratively with partners locally, because again they accept that they can longer do it for themselves. Demand is going to increase so need to have a much more inclusive nature to delivering services. All local authorities are starting to develop some mapping-activity tools so that they know exactly where digital and financial provision can be accessed. Customers can have access to those web platforms as well, so that, if somebody wants financial advice, they can go and have a look at a range of providers who supply that right across the authorities. That is something that is quite labour-intensive but, we think, essential.

They are providing lots of up-skilling sessions around digital accessibility, because we think financial and digital inclusion are intrinsically linked: if you do not have access to digital services, you are potentially excluded from a lot of financial benefits that other people who do have access can obtain. We are working very closely with the Money Advice Support, which provides some fantastic financial products online. They also provide telephone and face-to-face advice, so we are very keen to maximise that as much as possible.

They are working with other providers, such as credit unions and Barclays Eagles, just to look for

alternative ways of trying to get people some form of bank account going forward, and they are working very closely with debt-advice providers. We need to be very careful about managing expectations around who is best to provide what. Local authorities are not necessarily the best people to develop and provide debt advice. They can give basic advice, but we need some specialists when we get to people who have severe debts. It is about understanding what is out there and how we can work with those people.

One of the things that we need to develop – and I am doing work at the moment on this with DWP – is around how can get around some of the data-sharing protocols out there. Data protection is important for all of us – of course it is – but it is acting as a barrier for us sometimes in terms of supporting those customers. If we are to have a more inclusive environment of delivering this provision with partners locally, we have to be able to share that information securely between each other. That is quite a big barrier for us at the moment.

We are working very closely with landlords, and social landlords more than private landlords, I have to say. Social landlords are easier for us to work with. There are lots of private landlords out there. I think we have a very good network of social landlords, and we are developing that private-landlord network as much as we can, to try to get them ready for some of the Universal Credit changes that are coming in such as updating their websites. They all have some kind of Task and Finish or Welfare Reform Group. I know that lots of them have brought in external partners to work collectively on what the issues and challenges are and how they can work better together going forward.

One of the key things that we have been pushing in discussions with Jobcentre Plus and other partners is co-location, where appropriate. Hubs are not going to be appropriate everywhere because, if you are in a rural area, a hub 50 miles down the road is not necessarily going to be what you need. In some urban areas, however, hubs are quite useful for customers, because they can come in and get a range of services in one place. I think that that is starting to grow now in terms of momentum and appetite. We are having some very detailed discussions with Jobcentre Plus about bringing their advisors in to the hubs too, so that we can try to move the customer journey along. I think we are moving from a position of understanding what the problems are in local authorities to trying to look for some resolutions and mitigation. We are, then, into activity mode to deal with the reforms that have gone and with the ones that are due to come and which are potentially massive for residents out there.

We are moving into that area at the moment, which is why we want to get Jobcentre in too. If we understand that someone has issues, we can then move them on in the same building and,

hopefully, at the same time to a work coach/advisor, so that, if they are ready for work – and not everybody is going to be; we know that some people are quite far away from the workplace – we can help them make that transition in one place, rather than leaving it up to them to have to go out and make all those contacts.

We are doing loads of work with Financial Inclusion Officers within the authorities. They are doing a lot of financial up-skilling with customers, trying to find out what the issues are, what the debts are and what provision best suits that particular customer. As I said, a big problem is getting them to talk to us and letting us through the door. In some areas, we have Tenancy Support Officers who already have a degree of trust with residents in the area and who can look at some of this financial-inclusion provision. We are up-skilling staff and doing a massive amount of training and awareness with partner organisations and customers. We have done numerous road shows to let customers know what is available and what is coming, but we are not necessarily getting people coming in. Sometimes, we are delivering to one or two people, which is okay and which we will continue to do, but it is a bit of a challenge for us.

We are providing debt advice and money-management advice. We are still funding the likes of CAB and Shelter, because they are key partners. The local authorities are acting as partners for the Discretionary Assistance Fund. They do not get any funding from us, because that is managed centrally for local government by Northgate Public Services, but what we are relying on local authorities to do – and they are doing this – is to act as partners who will either signpost or sit with customers and have them fill in their Discretionary Assistance Form. Sometimes, they will have that one-to-one contact if the customer is particularly vulnerable and not able to do that.

The other thing that we have done and which is key to mention is around Discretionary Housing Payments, which is something that the councils have at their fingertips to help people going into rent arrears. As I said, we cannot help everybody at the moment, unfortunately, but we started a piece of work in July and we have tried to bring about a more generic, standard approach to how the Discretionary Housing Payments are managed and administered. As it says in the title, they are discretionary, so all local authorities will do something different, but we now have a generic Wales framework containing set principles that we will look at, to make sure that everybody has a chance to access some of the funding. We will then look at, potentially, what their outgoings are and how we can work with them. If we give them a payment, we are trying to move to a phase where these payments are going to be more conditional.

Q. Chairman: Is that something that is organised through WLGA?

Ms Holland: Yes.

Chair: This, then, is an agreement that you have between you.

Ms Holland: Yes. It is something that we came up with as a result of conversations with Welsh Government. Ministers are under a lot of pressure too, given that, since the bedroom tax came in, the applications for this fund have gone up significantly. People are being turned down who potentially were not before, when there was more money to work with, so ministers are under pressure. External organisations are under pressure. It is something that we decided that we could do with Welsh local authorities. It is DWP money and we still have to apply DWP policy principles to anything that we administer on their behalf, but we have very good overarching principles now and try to get some consistency, with local discretion still sitting underneath that.

That, then, is some of the stuff that the authorities are doing. It is massive but, as I said, the biggest pressure that we have at the moment are the funding cuts. We have the resources, if we fund it properly. We definitely have the skills. We have the partner contacts that we need out there. We have regular contact with vulnerable customers. Without the funding, however, some very difficult decisions are going to have to be made going forward about how we continue to build that provision.

Q. Chairman: Thank you, Paula. I have one specific question to ask, if I may, which I think is relevant to both of you. Paula, you mentioned Financial Inclusion Officers. Does every one of those 22 authorities have a Financial Inclusion Officer? Second, given your Bill, Bethan, which would required local authorities to have a Financial Inclusion Strategy, do each of those local authorities have a Financial Inclusion Strategy?

Ms Holland: They have financial-inclusion objectives, which are set within their single integrated plans, and I think that some of the response that we gave to Bethan's Bill was that we do not think that we are the stage where we need legislation. We think that what we need to do is to make sure that the single integrated plans are more comprehensively developed, because everything is in there. We need some tighter control around that, but not necessarily statutory regulation.

I think one of the reasons for that, and the reason why they do not all have the same kind of Financial Inclusion Officer provision, is that what we find across the 22 local authorities is that, because of the customer makeup and the demographics, each local authority needs something very different. What works in an urban local-authority area will not necessarily work in a rural local-authority area. They all have some kind of financial-inclusion provision. Some do it through their housing providers; some do it within with their Financial Inclusion Officers or their Tenancy

Support Officers. They would all have some form of provision. Many are moving more towards Financial Inclusion Officers, and we have used funding that we have had from Welsh Government, up until recently, to fund those positions. As that funding starts to reduce, however, we are not quite sure and we will have to look at more creative and innovative ways of delivering that provision in a different way.

Ms Jenkins: For me, there was a debate around people being proscriptive, saying that there are single integrated plans that can be used as a delivery mechanism. For me, it was not about the word 'strategy' but how that came about. For example, there is no clear or strong accountability at the moment with regard to those plans. For me, it was about having accountability built into the system, because I was finding it very hard to get information about what each local authority were doing and when. I appreciate that the single-integrated-plan mechanism can be used, but the reason why I wanted to have it in statutory legislation was to track, for example, what one local authority was doing over another and to see where best practice was, potentially.

If you looked at the plan then, you could see what was in one plan and what was not in another, and local authorities could talk to each other more cohesively about what that meant for them. It was not about telling them exactly what they should do because, of course, we know that it varies, but I did put some guidelines down as to what exactly we would expect to see in a strategy, rather than how the delivery worked. I would appreciate that people at a local level would have those specialisms, but you have to appreciate that, for people at a national level, if they want to monitor how things are going, it is very difficult, as it stands.

As I said earlier, the Financial Inclusion Strategies have not been reviewed since 2011, and there has been no move to do so since then. How, then, is the Welsh Government able to track development or see where they need to change things if they do not have access to that particular information? They are doing it now, which is good, but you should not have to push them into a position to do that. That is why I believe the statutory element is necessary, because you do not have to keep begging or asking. It is a natural part of that process, regardless of the political party governing at the time. I know that the local authorities view it as something unnecessary at a time when there are cuts but, for me, it is not about the here and now but about sustaining financial inclusion throughout time. It is going to change and we are going to have peaks and troughs with people's financial capabilities or financial affordability but, if it is a core life skill, there has to be something fundamental enshrined through everything as opposed to one politician saying, 'I really like this agenda and we should have a plan this year' but, there not being one the previous or following year.

I totally understand the pressures but, from the research that I did from a few universities – Leeds University being one – the money spent by local authorities on promoting financial inclusion is accrued back into the local economy. The housing associations have given us that evidence.

Q. Mr Edmans: I wonder if I could pick up on that, Chris, because that was exactly where my mind was going. I spent my career in commerce and financial services – I have my admission out of the way – but I have submitted – and had submitted to me – lots of budgets asking for money to be spent on good things in the various businesses and so on that I have been associated with. They have, however, always had to come over my desk with the benefit that goes with them. Lots of people want to spend lots of money on this, that and the other, but the question is ‘Why?’

One of the frustrations that I have had working for the best part of 15 years on financial-capability stuff on the side is that everybody sat around this table would agree that there is a big benefit to be gained from greater financial inclusion and greater financial accountability, but it seems so difficult to put your finger on where that benefit emerges. I entirely understand your motivation of wanting to get it into the legislation, since that is how it is embedded. The other way of getting something is embedded is for the financial common sense of it to be absolutely apparent. I wonder if either of you have had the chance to think about how you get to the people with the purse strings – not necessarily just Government or local authorities, but industry and employers. Where is the business case? You have mentioned that you have to put forward a business case to HMT. How can we assemble the business case so that the obvious benefit, which we clearly all believe in, is shown clearly? Have you been able to try to size that at all?

Ms Holland: I think that, in some of the work that we are doing in the existing Universal Credit testing and trialling sites, in Carmarthenshire and Blaenau Gwent, we are starting to look at that. It is about how we can bring those different organisations together and to start pooling resources from the mainstream instead of just, as you said, looking at this as a Government responsibility – central or local government. The other thing that we are looking to do in these trials is that we always think we know what is best for people out there. We refer them, we signpost them, we give them advice and we send them to CAB, and CAB does their bit with them. We never track that customer journey to see whether, six months down the line, we have moved them into a different place or whether they have just returned to that cycle.

What these trials are doing – and I am working very closely with Carmarthenshire and Blaenau Gwent at the moment – is tracking that customer journey and taking it that one step further, so that we can see whether, if we pool all those resources and make sure that customers get the best advice from the right people – and sometimes we have to start holding all of this business close to our

chest, and perhaps we are not the organisation to be delivering some of this stuff, from the customer's point of view – that helps put the customer in a better position and makes them more sustainable in the longer term. Hopefully, we can have them back into work or it will help them remove any barriers that they have. We are hoping that lots of that stuff will come from the trial.

Q. Mr Edmans: That is very helpful. Bethan, when you were doing your work on the Bill – and huge congratulations for getting it that far – it was a heck of an achievement –

Ms Jenkins: It took over my life.

Q. Mr Edmans: I think I really can understand that. You looked at the benefit side. The obvious people to pay for something are those who get something out of it. If somebody came to me in business and said, 'I want to spend £100,000', I would say, 'In that case, I want £100,001 back, please.' Who ought to pay, and what would be the rationale for them paying? Given that the taxpayer is the obvious answer to that, it is a bit generic.

Ms Jenkins: What I was trying to say throughout the Bill was that, especially with the preventive, education side, we know that, in Wales, we cannot replicate the low-wage economy that has left us now with regard to the car industry and Visteon and other big companies leaving. We have to be able to provide a financially literate population who will then be attractive to employers and, therefore, attract more businesses – both small and large-scale – into Wales. That is the challenge at the moment. We are not getting those businesses to invest in Wales. If you look at the statistics, educational levels are poorer in Wales. If we have these types of improvements from a very early age, they will look at us in a better light. While it is a roundabout way of answering the question, it is going to be a long-term thing. Having spoken to the OECD and looking at how other countries do it, we have to be competitive in terms of our education structures. That is our biggest tools in terms of the devolution powers that we have. We do not have powers over the banking system, for example.

Q. Mr Edmans: Can I clarify that? By coincidence, going back to 1991, I opened an office on the Newport Road, with 300 people in it. It was a financial-services company. Then, we did not have that hang-up with the educational standards, so have things gone backwards?

Ms Jenkins: In terms of results, yes. That is why the Donaldson review is looking into the curriculum in Wales. We are seeing that science, maths and basic literacy are struggling compared to other parts of the UK. We really do not want to talk ourselves down. It is about looking at ways, where we do have the tools in the box – i.e. education – of being able to rectify that situation. It will not happen in a silo but I sincerely believe that that will be a key factor in changing the way we are

going. It is like anything, however: if we talk about this issue enough, it will move higher up the political agenda. We cannot see it just as a niche area for one person in one local authority to be obsessed with; it has to be across the board. That is something that we have not totally got to grips with yet, although the good work that local authorities are doing.

Ms Holland: This is a very staged process. We have to deal with the here and now. Reforms have started to come and will continue to come for some time yet, so we have to try to deal with the here and now. We have to prepare, to mitigate and to put some provision in place to try to do what we can with what we have. I absolutely agree with Bethan and, over the longer term, we have to change that culture.

Q. Mr Edmans: Is there any kind of reaction to this from business in the area? I am 20 years plus out of touch with this sort of thing in this area. When David Hunt was Secretary of State, he helped us open the office, and I felt that he was reasonably in touch. There was a big campaign put to bring business to South Wales back then. Businesses, by and large, are struggling these days with their bottom lines, so the kinds of benefits that should emerge should be apparent. You have talked about local-authority funding and state funding, but is there any interest in this or has it all just gone quiet over there?

Ms Holland: This is the housing sector's business too and they are playing quite a big part in lots of areas. Lots of them have their own Financial Inclusion Officers now and are working with us to develop and manage them together.

Q. Mr Edmans: What about on the education side?

Ms Holland: We are working with people like Barclays Eagles, so there are private businesses and companies that want to support and help. They probably have their own agenda somewhere along the line, but we are getting support from them free of charge at the moment. From a welfare-reform point of view, those are the two areas of business where we are going the most –

Mr Edmans: They were not, however, front of your minds when it came to where this resource might come from.

Ms Holland: Social-housing providers, definitely.

Ms Jenkins: have to be able to do it so I can legislate. I have talked to the Federation of Small Businesses about it, which says that it believes in the principles around the education and inclusion aspects. Some countries would have commissions set up from the business, financial and education

sectors sat around the same table. It is what we can do around that in Wales within the confines of the legislative systems. For example, with the Financial Inclusion Strategies, I see no reason why the Welsh Government should not have representatives from business on those groups. They should not be left alone from all of this.

Mr Edmans: The benefits that flow from all the things that you have been describing should come through; the problem is not quickly enough to satisfy the stock-market analysts. They should come through, however, in better business results, because more financially capable people equal better customers and better bottom lines.

Ms Holland: We are trying to promote the regeneration aspect of towns out there too. If we can get more people personally capable and able, and we can get them into working and training, they have the money to spend in their local communities. We all see this as linking quite tightly with regeneration.

Q. Dame Marsh: Could I pick up on a point that you made a number of times earlier about digital access? I would have thought that, in the development of Wales in every regard, including that of being attractive to business, better digital access altogether is really important. How is that progressing in Wales? It is such a huge challenge to get digital access of a vast broadband kind to all communities. How is that going? Is it still very patchy?

Ms Holland: The Welsh Government has a commitment to get full coverage but it is very patchy. In areas like Gwynedd and Powys, customers cannot get any access locally at all, so that is not going as quickly as we would like it to. That is posing a challenge for us because what we need to do is get different ways of making that digital access available to customers. We are trialling things like Skype so that customers can speak to an advisor from their own home. We are looking at mobile buses that carry Wi-Fi-enabled products and go out to people. You can do things like that in the interim, and we need that to come more quickly so that we do not have to provide those solutions. It is all about money, however, as those solutions are quite costly. We are doing things as much as we can with the funding that we have available with partner organisations too. Jobcentre Plus has just increased the numbers of digital outlets in their areas too, so we are linking in with those. The full coverage, however, is still very patchy in certain areas, and I do not think it is going as quickly as we need it to.

Q. Dame Marsh: That, presumably, is impacting on education too. When you talked earlier about identifying where the digital-access points were nearest for people as being one of the ways to encourage that link, it occurs to me, as an ex-head teacher thinking of the distribution of schools

and where schools begin to get some access, you could almost create some context there, perhaps.

Ms Holland: That is what we are doing.

Dame Marsh: I am sure that the libraries are, in theory, the obvious one, although they are, no doubt, under pressure and there are not so many of them.

Ms Holland: The libraries are seeing the biggest impact from this at the moment. We are quite lucky because we have only 22 local authorities in Wales, so we can try to do a lot of this together, which you cannot do over the border because of the area being covered and the number of authorities. What we are trying to do is to use our libraries more as hubs and to try to redefine them, so that they are seen not just as places where you go in and pick up a book now or even to access community services, but to make them more community hubs so that people are more likely to go in there. Inevitably, that is putting pressure on the librarians, because we are offering digital-training sessions and help with writing CVs etc.

One thing that we have done across lots of areas in Wales with Jobcentre Plus locally, and which is a really good area, is that we have partnered to try to look for some jobseeker customers who are skilled and who are the right people to go into libraries and sit with customers to help them build up their skills. That will take the pressure off the librarians. The only thing is that an unintended consequence of that is that we are driving up that demand. We do not have any more IT provision within the libraries, so sometimes we are having to restrict the amount of time that they can spend on the PCs and laptops. It is all good stuff and we are trying to look at innovative ways of delivering that service from community hubs. We are opening up schools where Wi-Fi has been put in for students, so that parents, grandparents and residents can come in after school hours. We are, then, looking to do all of that but, if we had full coverage –

Dame Marsh: Presumably, mobile phones have peculiar black spots too.

Ms Holland: They do.

Dame Marsh: In the UK, we are not smart at using satellite to reach some of these remoter rural areas.

Ms Jenkins: You can identify, when you go into a shop, which particular mobile network would potentially work better in your area, so that helps. The rollout is happening. What was interesting for me recently is that I saw research showing that, in areas with broadband, such as Newport, it is about digital capability and literacy. The level of usage was low compared to rural areas that

wanted to use it but could not. It is about how you can encourage people to feel empowered in those areas to utilise what is there, as well as trying to encourage rollout across the whole of Wales. Part of my Bill went on to talk about not having charges within libraries for the usage of computers etc, or blocking access to payday lenders in libraries. I think Bridgend is looking into that, and that is something that we need to look at. People need to have access to acceptable advice, whatever we define that as. I do not define some organisations as that. It is interesting and a lot of people will always want face-to-face, regardless of digital developments. I do too.

Dame Marsh: That is why the Skype suggestion is a good one, but you need good broadband for that to work.

Ms Jenkins: Yes, it is a good one.

Ms Holland: We are testing it. We need good broadband. There are data-protection issues that sit around that too. It is being tested in a controlled environment, in the pilots that we are running. We talk about handheld devices and about laptops but, for lots of customers who we deal with, there is an affordability issue with these things, so we cannot just rely on that. We have to make sure that we have public resources out there that people can use free of charge. If you have a handheld device or a laptop, and you have internet access, all well and good, but I think we have to remember that there is an affordability issue with that for lots of our customers.

Q. Mr Edmans: I wonder if I could sneak in a very quick question which goes back to something that Bethan mentioned about having to do the fire-fighting as well as the preventative things. Paula, you mentioned betting shops opening up. One of the questions in my mind in this whole area is: to what extent is the growth of gambling an issue in dealing with this problem? There is no weight in that question. I simply do not know. I just wondered whether, when people are managing their finances, what strikes me is that you can see what is going on. I am a West Ham fan, for my sins –

Chairman: That is two admissions in one day.

Ms Holland: So is my husband, so that is okay.

Mr Edmans: And as I walk through the East End, the pubs are closing and turning into betting shops. The cheque-changing shops are not as frequent as they were, because east London has come up with building the Olympic Stadium and so on. People have only one budget and, for me, a bet is an alternative to buying some school uniform for your children. Is it an issue in your mind at all?

Ms Holland: I cannot say that that is something that has been raised with me by the authorities. I think the issue more for us is around the fact that lots of people are financially included but not necessarily getting that finance from the right place. We are talking about high-street lenders and people charging inordinate amounts of money.

Mr Edmans: That is helpful. People gambling excessively, then, is not in your –

Ms Holland: It is not something that has been raised with us, and we do find that people on the lowest incomes are sometimes the best at managing their money. They are used to managing very carefully but, unfortunately, the way that their financial position is at the moment, they just do not have enough money to juggle with. They manage week to week, knowing that this bill has come and that bill has come in, and they pay bills accordingly. It is what happens when they get to monthly payments.

Mr Edmans: That is very helpful. Bethan, is that how it feels for you?

Ms Jenkins: Swansea Council raised that specifically with me around betting shops. They wanted to be able to change the planning system, whereby they could regulate how many. They are not able to under the current legislation. I looked at it to see if we could, and we cannot, so that is why I had to confine the Bill. There were lots of other things I would have liked to have done in terms of restrictions. We simply could not do that, and I put that in the explanatory memorandum of our Bill, to look at all the other things we could have done, if we had the power to do them. It is not rocket science but, if you are going to walk down a street with a high propensity of those types of shops, people will be attracted to go into them.

Mr Edmans: They would not be there if they were not going to get a return, would they?

Ms Jenkins: If there are fewer of them, that may stop, although it will not be the panacea. The other thing is that I went to the credit union in Neath Port Talbot two weeks ago. You were talking about phones. Not everybody has a smartphone but they were saying that people who did have smartphones were gambling on them, and then coming in and asking for loans, even though they were spending hundreds of pounds and maxing out these gambling apps. It is how they can deal with that and educate them by saying, ‘I will not give you this loan until you stop gambling on the phone apps.’ These are just small-fry issues. Some people are going in for loans for prom dresses and so forth, when they could not afford to feed their children. This is something that we really need to tackle. They could have that extra money for really valuable things in their life, if only they knew how to use it. I know that some people say to me, ‘The work you are doing is a bit high-level. At the end of the day, you should not be looking at lower-income and deprived areas and telling

them what they should be doing. The problems are higher up with the banking sector.’ That is true, and we have what we have in Wales.

I also say back to that, if we are empowered as individuals, which I was not leaving school, and I still struggle with a lot of things, I know that I would feel so much more confident now, had I had that education. That is what people my age and younger say to me all the time. They want to have those powers. It is like young people voting. They want to understand what political party to vote for, but they do not feel empowered. That is what it is about for me: having that total skill at your fingertips to know that, whatever social class or background you are from, you can manage your own finances. That is what I will end on, and I will look forward to all the work that you do. Hopefully, the other political parties can be strong on this agenda too.

Ms Holland: There was just one final thing that we wanted to make you aware of from a WLGA point of view. The Welfare Reform Officer role within the WLGA coordinates and manages a lot of this activity across the 22 authorities in Wales. As far as we are aware, at the moment that funding is being removed from 1 April, so we do not know how any of that work is going to be taken forward within the WLGA on behalf of the authorities in Wales. We are not quite sure what the position is yet, so it was just something to be mindful of, really.

Q. Dame Marsh: We are out of time, so I am not necessarily asking you to answer this now. It may be a message that you can send us subsequently. You both clearly presented this very complex challenge of a lot of interdependencies and a lot of things that would need to change before things altered. In what we are going to do, we cannot possibly ask the new Government to do everything, so we have to pick on some things that really have the power to make a significant difference and are the priorities to be tackled first. That is what I would like to come back from you, and it may be that you want to go away and think about that and say to us what the things are that you would really like us to emphasise, of all the many issues that you have given us. I do not think I am quite clearly in my head, from both of you, what would be the golden nugget. There is no golden nugget but that just might help us. You are giving us a dimension of an area where there is a lot of rural economy, which is one that we have not had so much firsthand contact with otherwise, so that particular perspective might be helpful.

Chairman: If there is something that springs to mind now and you would really like us to have in our list of things we want in the manifestos, do tell us now; otherwise, come back to us.

Ms Jenkins: The Government recently announced cuts to the Money Advice Service.

Mr Edmans: It has not announced them yet. The announcement is due on 22 January.

Ms Jenkins: This is insane.

Mr Edmans: Can I quote you on that?

Ms Jenkins: People need that type of support, so that would be one thing. I apologise if I have not been clear –

Dame Marsh: You have been.

Ms Jenkins: But my mind has been totally focused on the devolved nature of what we have been doing. I will go away and think of the UK Government situation and send you three or four ideas.

Q. Chairman: Could I ask both of you one last question in relation to what the UK Government should be doing? The UK is a leader in financial services. Do we think the UK Government should aspire for the UK to be a leader in financial inclusion? Is that a statement with which you would both agree?

Ms Jenkins: Yes.

Ms Holland: Yes, definitely. Like I said earlier, there are different stages to doing that. Now, what we need to make sure of is that the providers out there are properly funded in the short term to make sure that we can give people the support, advice and provision that they need. As partnerships, we can do that. We do have the capability and the experience to do it but, without the funding, it is not going to be possible. If we can get that commitment to some funding, at least until Universal Credit is in and we have got through the migration period, when we know we are going to hit a lot of those barriers that would be the best thing that you could give us, really.

Ms Jenkins: In some countries, the banking sector gives a percentage every so often – and I am not sure if it is obligatory – to financial inclusion. If we are talking at a UK level that is something I would like to see happening.

Chairman: It does, of course, through the levy on the regulator now funding the Money Advice Service, which is totally funded by the industry. Listening to the conversation today and the exchange with Laure, it did occur to me that maybe we should have a levy which is used to fund every local authority to have a Financial Inclusion Officer or to have – to your proposal, Bethan – a Financial Inclusion Strategy.

Ms Holland: It is the same thing. The best way to deliver financial provision to somebody is face-to-face, in the main. That is expensive but it is effective and we think it is more sustainable

over the longer term. Eventually, the costs will go down and, hopefully, come back down.

Ms Jenkins: It all comes down to money.

Ms Holland: We are hoping that some of the trials will give us the volumetrics and the costings that will help us support some of that argument.

Dame Marsh: I was not suggesting for a minute, Bethan, that you had not been clear; I was just trying to –

Ms Jenkins: I think that myself sometimes, when I am just babbling on.

Dame Marsh: Tease out what was the lever that was perhaps the most critical to pull out of all the things that you both talked about.

Chairman: You have both been very clear and sharp with us, and thanks for giving up your time and sharing that expertise as well. I hope that, when you see our recommendations, you will feel that the investment of your time was not totally wasted.