



**Cynulliad Cenedlaethol Cymru
The National Assembly for Wales**

**Y Pwyllgor Cymunedau a Diwylliant
The Communities and Culture Committee**

**Dydd Iau, 22 Ebrill 2010
Thursday, 22 April 2010**

Cynnwys
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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal,
cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, an English translation of Welsh speeches is included.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Mohammad Asghar	Ceidwadwyr Cymreig Welsh Conservatives
Eleanor Burnham	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Mark Isherwood	Ceidwadwyr Cymreig Welsh Conservatives
Bethan Jenkins	Plaid Cymru The Party of Wales
David Lloyd	Plaid Cymru The Party of Wales
Sandy Mewies	Llafur (Cadeirydd y Pwyllgor) Labour (Committee Chair)
Joyce Watson	Llafur Labour

Eraill yn bresennol
Others in attendance

Les Cooper	Cydlunydd Fforwm Gallu Ariannol Gogledd Cymru Co-ordinator of the North Wales Financial Capability Forum
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Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Sarah Bartlett	Dirprwy Glerc Deputy Clerk
Tom Jackson	Clerc Clerk

Dechreuodd y cyfarfod am 12.41 p.m.
The meeting began at 12.41 p.m.

Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introduction, Apologies and Substitutions

[1] **Sandy Mewies:** I welcome Members, officials, anyone in the public gallery and, of course, our guest today. Headsets are available to receive the translation and to amplify the sound. The translation is on channel 1, and the amplification on channel 0. I ask everyone to ensure that they have turned off their mobile phones or BlackBerrys, as they interfere with the broadcasting equipment. In the event of an emergency, an alarm will sound and the ushers will lead us out. I hope that we will all follow them quietly and safely. Members might be aware that there is a smell of smoke here, which was also here this morning. We do not know what it is, but it does not seem to be life-threatening. We have made inquiries about it.

[2] I have had apologies from Alun Davies and Lynne Neagle. I have not been notified of any substitutions. Mark Isherwood will be arriving late, at 1.30 p.m..

12.43 a.m.

**Ymchwiliad i Gynhwysiant Ariannol ac Effaith Addysg Ariannol—Casglu
Tystiolaeth
Inquiry into Financial Inclusion and the Impact of Financial Education—
Evidence Gathering**

[3] **Sandy Mewies:** We have with us Les Cooper, the co-ordinator of the North Wales Financial Capability Forum. He is no stranger to me and, I guess, not to you either, Eleanor Burnham, and certainly not to Mark Isherwood. Welcome, Les Cooper. I think that you are the first witness we have had in this inquiry. You are going to set the standard that everyone will follow. Thank you for your paper, and for attending the meeting. I know that you are here in a personal capacity, although you bring the views of your colleagues with you. The North Wales Financial Capability Forum will be providing the committee with a more detailed representative paper in response to our call for written evidence. However, many of us felt that it would be a good thing if you came—with your experience in this field—to talk to us. Could you please make a few introductory remarks? You can assume that we have read the paper, because Members will have done so. Then I shall open the session to questions from the Members.

[4] **Mr Cooper:** Thank you. Good afternoon, everybody. I am a money advice officer with the Wales and West Housing Association. I joined it in October 2008. Prior to that, I worked with Citizens Advice as a front-line specialist debt caseworker and as a financial capability co-ordinator. I lead the North Wales Financial Capability Forum, which has been an integral part of the financial capability agenda in north Wales since late 2006 to early 2007. I am a passionate believer in financial inclusion, driven mainly by my experiences as a specialist debt caseworker. I have seen the terrible consequences that mismanaging money can cause people. It causes arguments, it causes families to fall apart and, of course, there is a very strong link between debt and mental ill health. I am a passionate believer, and if my enthusiasm runs away with me today, forgive me. I have been working in financial capability since 2003-04, when I first met Sandy, and I am just as passionate about it today.

[5] **Sandy Mewies:** We do like to hear that our witnesses have enthusiasm, rather than the alternative.

[6] **Bethan Jenkins:** Thank you for coming here to give evidence today. The Welsh Government has a definition for financial inclusion in ‘Financial Inclusion Strategy for Wales: taking everyone into account’, but I wondered whether you have an opinion on the definition of financial inclusion, and whether it varies from place to place or from organisation to organisation.

[7] **Mr Cooper:** There is a very strong misperception of what financial inclusion means. Many people do not have any idea of what it means. You have to break it down into its component parts, which the strategy did with its five themes. When you break it down into smaller units, you can engage with people and have a far more effective conversation about what financial inclusion really is. It is a matter of trying to help people, or removing barriers so that people can make best use of the financial products that are available to them. Unfortunately, most people’s experience of financial products is a bad one. Very often, a majority of people learn about money management skills the hard way, by going through an experience of overindebtedness. I was really pleased when the strategy was published, because the work that we are trying to do is now contextualised and has been put into some sort of framework. However, when you are speaking to members of the public, you have to break it down and forget the jargon. You have to look just at the component parts and engage with them on that level.

[8] **Bethan Jenkins:** That was to be my follow-up question. How much of an

understanding do people have of the elements of the financial inclusion strategy, and do you think that we currently have the skills in Wales to develop people's financial capabilities, or can you see that developments need to be made in Wales?

[9] **Mr Cooper:** I think that we definitely have the skills. It is a matter of harnessing those skills and encouraging the people who have those skills to work together. At the moment, the situation is quite fragmented. Many organisations, particularly the one that I work for, have embraced financial capability. However, a lot of them do not know where to go with it next. They know that it is a good idea—it is a brilliant concept—but how do the practicalities of it work? I think that by having a broader network partnership way of working, we can learn from each other and good practice can be exchanged. However, we need that support structure. I talk later on in the paper about not having an identity, and I think that that is a really important part of it.

[10] **Eleanor Burnham:** I am going to speak in Welsh, and I will probably do a bit in English as well.

[11] Yr ydych yn nodi yn eich tystiolaeth ysgrifenedig bryderon ynghylch darparu addysg ariannol mewn ysgolion. A wnewch egluro ychydig yn fwy am eich pryderon? Er enghraifft, yr ydych yn sôn am ddefnyddio ffyrdd eraill o ddatblygu gwybodaeth am gyfrifon banc ac ati heblaw am wersi mathemateg. You note in your written evidence some concerns about the delivery of financial education in schools. Could you explain a bit more about your concerns to us? For example, you talk about using means of developing a knowledge of bank accounts and so on other than mathematics lessons.

[12] **Mr Cooper:** Yes—oh, there is an echo with the headphones on.

[13] **Sandy Mewies:** There is if you leave them on when you are talking.

[14] **Mr Cooper:** Okay.

[15] I have worked with schools in north Wales quite a lot, particularly in Flintshire, and what I have found is that, when you try to put financial capability into a mathematics framework, it is far too dry for the students. We are not putting in a consequences element to the mismanagement of money, and it is driven by numbers. That is one way of looking at it, but I think that, if we are trying to develop a generation of young people who are interested in money and want to get best value for their money, it has to be done in a far more open environment, not just within mathematics lessons. The personal and social education, PSE, slot is traditionally where the extra-curricular subjects—sex, drugs and rock and roll—end up. That is the sector that I have been working in. The concerns that I have there are that it is usually another bolt-on job for a teacher. There are no staff qualified in those particular subjects. That is why I think that it is important that outside agencies, who have the experience, should use their anecdotal evidence as part of the lesson. It is just not there yet—it is a brilliant idea and it had to happen, but there is still a long way to go.

12.50 p.m.

[16] **Eleanor Burnham:** Dyna oedd fy nghwestiwn atodol. A ddylai mwy o arbenigwyr gael eu defnyddio mewn ysgolion i ddarparu addysg ariannol? Yr ydych yn sôn am bethau megis y gyfradd ganrannol flynyddol, a'r ffaith nad yw pobl yn deall y gwahaniaeth rhwng cyfradd o 2 y cant ac un **Eleanor Burnham:** That was to be my supplementary question. Do you think that more specialists should be brought into schools to deliver financial education? You also mention things such as the annual percentage rate and the fact that people do not understand the difference between a rate

o 2,000 y cant. Ai dyna'r math o gwestiynau of 2 per cent and one of 2,000 per cent. Are
 yr ydych am gael ateb iddo? those the type of questions that you want an
 answer to?

[17] **Mr Cooper:** Yes, there is a big role for other organisations to play in working with schools to develop their financial capability programmes. I was quite surprised when I started doing this type of work. I was quite convinced that talking to young people about APR and money would bore them silly and that they would not engage in any way, shape or form. The reality was quite the opposite. Once you start explaining to them what the jargon means, how that can affect them getting best value for their money and how it can impact upon their lives if they take decisions that are not appropriate to their circumstances, they really do engage with you. Our experience in north Wales is that they wanted more. They wanted more all the time. I was working for Citizens Advice then, and there was a resource problem: a commitment to talking to year 10 of one school probably entails speaking to six classes, and if you do four hours with each, you can how it starts to expand and become a heavy demand on resources. If we decide to bring in outside help, which I think we should, we have to be conscious that it will be a huge commitment for whoever signs up.

[18] **Eleanor Burnham:** Perhaps we should bring in someone like Carol Vorderman.

[19] **Mr Cooper:** Well—[*Laughter.*]

[20] **Mohammad Asghar:** 'Financial education' is a wonderful term. It is not easy for able minds to understand it. You are doing a good job, but for those who are not in education, employment or training—we call them NEETs, as you probably know—how hard is it for you to reach them and educate them? What steps do you take? As I said, it is not that easy even for those with able minds to learn this. How do you teach those who are not as fortunate?

[21] **Mr Cooper:** You have to come at it from the side. It works better if you can put them in some sort of social situation, rather than treating it as a lesson in financial capability or managing money. Mismanaging money and experiencing debt is a big disincentive to work, because it makes people feel depressed and stressed. If you can get a group of young people into a room and start talking to them about money in its most basic sense, I have found that they are really interested. Most of them have hardly any money to spend, so they are really interested in ways to get best value for it. They are really interested in how established organisations—finance houses, moneylenders—steal their money from them. Once you make them aware of the process involved, it makes them quite angry. When you are angry, it makes you think, 'I need to do something about this; I want to know something more about this.' So, it is not that hard. The difficult bit is getting them into the room to start with. Once they are there, they have crossed the biggest barrier, as far as I am concerned, and they will engage as long as you approach it properly. It does not matter whether you force them there, as part of the benefits system, or whether they come voluntarily. Once you have them as an audience, it is quite easy to engage with them in a discussion about money.

[22] **Bethan Jenkins:** Are you aware that Shelter Cymru has recently submitted a petition to the Petitions Committee about having a school course, with a qualification, on leaving home? That would cover financial inclusion. Have you had any input into that? Would that address some of your concerns about financial inclusion not being embedded in the national curriculum?

[23] **Mr Cooper:** I am aware of that initiative. I have seen the training material, and I think that it is quite impressive. However, I have had no input into it. An initiative such as that could very well be what schools are looking for, but, again, who is going to deliver that particular programme? If you rely on the existing school staff to do it, it will get watered down, because a lot of them do not themselves understand money enough to feel confident

when they talk about money issues. The Financial Services Authority has several great programmes—Money Doctor, for example. It is all well and good having the programmes, as sophisticated and potentially brilliant as they are, but how you deliver them on the ground is the real challenge and that is where the resources come in. There are just not enough people out there to do it.

[24] **Sandy Mewies:** Bethan, we are having Shelter Cymru in to the committee in May, and I have had a letter from the Petitions Committee outlining what the petition is about, so we will certainly be asking them to address that in one way or another.

[25] **Joyce Watson:** Staying on the subject of NEETs, I would like to ask what your engagement is. Managing money is about managing a finite resource so that you have enough to fulfil and sustain yourself as an individual. Part of that is quite clearly—and I know that you know this—about managing all your bills: cooking, doing your own cleaning, how you buy products, and utility bills. All those elements have to come into how you manage your money. Any failure in any of those aspects could lead to an individual not having enough, and therefore getting into debt. It has a knock-on effect, does it not? If you have mismanaged how you spend money on food, for example, by not cooking for yourself but buying ready-made or takeaway meals, you are in trouble straight away. My question to you is this. When you are looking at teaching young people—and I am thinking particularly about people who might be leaving care, and people whose families might not be able to give them support if they are at home because they have their own issues—do you look at the individual as a person and at what they need to equip themselves? That is beyond just understanding APR, because by the time people get on to loans of small amounts of money, in my opinion, they are in trouble anyway.

[26] **Mr Cooper:** My experience is not specifically with young people who are not in employment, education or training. It is with Wales and West Housing Association residents, although we do have a fair number of people who fall into that category. Wales and West Housing Association's financial inclusion strategy involves what we call our money-saving project, and it is available to every one of our residents. It is a holistic money-management support system. It is done one to one in their homes, and it is given by an external provider, which we pay for. So, it is totally independent of what we do. The adviser would do a complete money makeover with an individual, which is tailored to his or her particular circumstances and needs. Some of the individuals with whom we are working have recently come out of care. As you know, in the care system currently, there is no preparation for young people to manage money when they come out. We are trying to break into that agenda by offering social service departments access to our projects, so that we can—in the weeks and months leading up to the young people being kicked out—try to build some sort of skills base. It is hard, because they have no concept of money. They have a concept of the value of money, because they have not got enough of it to spend, but they do not really understand how much things cost. We have taken it a stage further now. As part of our tenant support work, we are creating a pre-tenancy programme, whereby we will identify potential residents approximately 12 months before they are offered a property. The intention is to work with them to make them aware of the real costs of running a home—rent, council tax, gas, electricity, water—and, over that year, build up their skills to a point at which, when they do move into a property, they do not fail. Currently, although young people account for, I think, 15 per cent of our residents, they account for 55 per cent of all the failed tenancies. That is astronomical.

1.00 p.m.

[27] When I do get the opportunity to speak to them—which is rare because, normally, they vanish off the radar once they have left the home—it all boils down to money. 'I didn't think it was going to cost that much,' 'I didn't know I was going to have to pay for that,' and

so on. That is quite simple to address. What we have found, with pre-tenancy work in other areas, is that young people in particular are looking at the figures that we give them—averages for rent, council tax, this, that and the other—to give them some guide as to what they are signing up to, and they say: ‘Oh, I don’t want to know then. I’ll stick with mum.’ or, ‘I’ll make alternative arrangements.’ That is very often better than putting them into social housing and having them fail, which is stigmatising, and they probably will not get social housing again. Who knows where they go from there? So, that is our main driver now: to reach people before they get the keys, to stabilise them financially, box off their debts, and do everything we can to teach them budgeting skills and how to pay bills. If they think that they will have to borrow money when they move in, we teach them about APR, where they should borrow money and where they should not, and the consequences of that. It is brilliant working with young people, because they do want to know. They will not tell you that, but they really do want to know. Once you have hit the button with them, it is pretty easy from there on in.

[28] **Sandy Mewies:** I was talking with Tom yesterday about care leavers, which is a very specific group who need support. When we have people giving evidence, we discussed whether we could ask about that group, if appropriate, and maybe ask for some additional evidence.

[29] **David Lloyd:** Yr wyf yn eich llongyfarch, Mr Cooper, ar y papur bendigedig yr ydych wedi’i gyflwyno ger ein bron. Mae’n drawiadol, ac mae’r gwybodaeth o’r radd flaenaf. Fel y gwyddoch, mae’r pwyllgor yn adolygu’r holl fater o sut i drin arian. Felly, a ydych yn gallu rhoi esiamplau i ni o arfer da mewn addysg ariannol?

David Lloyd: I congratulate you, Mr Cooper, on the wonderful paper that you have given us. It is striking, and the information is of the highest standard. As you know, this committee is reviewing the whole issue of how to deal with money. So, could you give us some examples of good practice in financial education?

[30] **Mr Cooper:** Are we talking about specific individuals or programmes?

[31] **David Lloyd:** General programmes.

[32] **Mr Cooper:** Okay. Probably the most successful work that I have been involved with was with Barnardo’s young carers. Young carers—it quite shocked me—have so many responsibilities within the home. Some of them are picking up prescriptions, giving medicines to their parents or older children, doing the shopping, managing the household finances—I was stunned when I first became aware of it. We worked with a group of Barnardo’s carers in the north. Their ages ranged from eight to 21. We engaged with them and talked about the money issues that they were facing. Some of them were quite tragic. The way that some of the banks had treated some of the older ones who had gone to them for help with particular problems, such as overdrafts or running out of cheques—simple things such as that—was abominable. To try to reinforce the work we did with them, we asked them to recreate a film, giving their experiences and feelings about managing—or mismanaging—money. Barnardo’s paid for a professional film maker to help them with it. These youngsters did their own storyboards and their own scripts. My role was to oversee it, make sure it was factually accurate, and support and encourage them. The end product has been available for about nine months. It shows that, even with children as young as eight, you can engage with them about money. As long as you put it into a context that they can understand, a context that they can associate with, like their homes, it does work. When you do pieces of work with young people and you have an end product that you can show to others, it has an effect on their self-esteem; you can almost see them growing before your eyes. It is a tactic that has been used in many different fields, not just money management, such as the drugs problem and sex education. As long as you give them the facts, they will put their own spin on it. When they are learning about money through projects such as that, it puts money management into a very pleasant place in their minds. When they think about money in the future, they will not say, ‘It was

forced on me through mathematics in school.’ They will say, ‘There was a wonderful film we made,’ and ‘We did this, and we did that.’ It makes it a lot more friendly and easier for them to access. That is just one example.

[33] We have just engaged with the Flintshire youth forum. They have asked the North Wales Financial Capability Forum to work with the young people for the next year, to put together a library of DVDs on all sorts of money-related topics. The illegal money lending team from Cardiff is going up to meet that group on 27 April, which is next week.

[34] So, that is what you have to do: give them the information, and then get them to create something that evolves from it. Then they do want to learn more, and you can start to build on that.

[35] **Sandy Mewies:** I think that the clerk has seen the film and, if Members want us to get hold of it, we can do that.

[36] **Mr Cooper:** I challenge anybody to watch it without having tears run down their face.

[37] **Eleanor Burnham:** Perhaps, Chair, we should send it to some of these banks, to put them to shame.

[38] **Sandy Mewies:** Well, perhaps we will look at it ourselves first. Was that your supplementary question, Eleanor?

[39] **Eleanor Burnham:** No, I was just suggesting that it is quite shameful that the banks, as Mr Cooper mentioned, have dealt with some of these people in such a dreadful way. Perhaps, Chair, when we write our report, you might write to some of them.

[40] **Sandy Mewies:** It depends on the evidence. It has to be specific, rather than based on a general feeling.

[41] **Eleanor Burnham:** It is challenging on the basis of what we heard.

[42] **Sandy Mewies:** Yes, but we should ask for more specific details. We will see. We are only at the very beginning of the evidence.

[43] **Eleanor Burnham:** I know.

[44] **Joyce Watson:** Mr Cooper, in your written evidence, you make the suggestion that there should be a sustained media campaign so that people are able to understand the benefits of financial inclusion and how they can access support locally. What results do you think might be achieved by such a media campaign?

[45] **Mr Cooper:** Currently, the difficulty that people such as I have is that others do not know about financial inclusion, so you have to break it down. We spend a lot of our time telling people what financial inclusion is really about and how it affects their lives. However, they see it as just coming from me, or another individual. In the situation that I am in now, working for a housing association, when I engage with residents about money, it makes them think: ‘What is the catch? If I share my financial problems with this person, how will that affect my tenancy? Will they evict me if I admit to having debt problems?’ The problem that we have always had is that money-management skills—or financial capability, call it what you will—have always been regarded as something that people in debt need and no-one else. The attitude is, ‘We’re all fine.’ That is totally wrong. It is a basic life skill, and that is the approach that we need to take. So, we have to raise the profile of money management,

financial capability, or financial inclusion. It is a basic life skill that I suspect very few of us in this room are comfortable with. However, when you are living on a low income, it becomes really pertinent. The challenge that I have now, and the challenge that my forum members are telling me that they have is that we have to build trust with the people whom we are trying to engage with.

[46] At the moment, we do not have an identity. There is no financial inclusion umbrella in Wales under which we can all work and join up, and be comforted by knowing that there is an overarching, major drive to improve people's skills. The strategy is the first move and it is great, but we need an identity. We need people to see it on the television, in the newspapers and on the radio. We need them to pick up on images, straplines and buzzwords about money, and how, if you manage it, you get a much better deal, and, if you do not manage it, something nasty might happen but you are not on your own. There are a lot of people out there who can help you with little bits of it, from the FSA to your next-door neighbour. If financial capability is going to work in the long term, it has to be embedded, particularly on our social housing estates. There have to be individuals on those estates who are comfortable about acting as mentors and supporters. We cannot do it all. There are not enough of us to parachute in, and parachuting in and out is a dangerous thing anyway. We need that media support and a media profile so that, when we go to speak to somebody, they have already heard about loan sharks, APR and unaffordable credit, and it is going through their minds and, even though it might be subconscious, they are actually thinking about it. Maybe some of them will be thinking, 'That's me they're talking about. There is help out there, and maybe I should go and have a look at that.' It will take years to build that level of trust between a resident and our staff, because residents worry about how we will use that information.

[47] So, it not only has to be independent advice, but we also need to put it into a context whereby people feel comfortable talking to anyone about money, just like they talk about football. It does not matter what team you follow, people talk about it because it is interesting and you get something from it: you get pleasure from it. You can get a lot from managing money, particularly if you are on a low income. If we can save people £10, £15 or £20 a week, that will make a substantial difference to their lives.

1.10 p.m.

[48] **Sandy Mewies:** I have the next question. You have answered the greater part of it, but if you want to add anything to it, that is fine. What role do credit unions, as well as social landlords, have in the provision of financial education and improving financial capability? You have told us what social landlords are doing, but what is the role of credit unions in this?

[49] **Mr Cooper:** We promote credit unions heavily, but they are not expanding at the rate that they should be and there are very good reasons for that. We are not in the business of encouraging people to borrow money. We cannot put credit unions in the position of being irresponsible lenders. We do not want that. It is a paradox really: how do they grow, and be seen to be a really good alternative to the likes of Provident? They are being hampered by restrictions—although justifiable ones—and they are going to have to grow slowly. I think that they are absolutely brilliant. If you raise the profile of credit unions through the Assembly—rather than leaving them to develop their own programmes locally—by a national campaign, there will be far more take-up. Any such campaign would have to focus on the savings element that credit unions offer, because we do not want to encourage irresponsible lending in any way, shape or form.

[50] **Sandy Mewies:** I think that the Welsh Assembly Government has a commitment to establishing credit unions in schools, for example, so there are things going on.

[51] **Bethan Jenkins:** In your written evidence, you noted that there has been some

reluctance on behalf of the authorities in, I think, north Wales, in engaging with the North Wales Financial Capability Forum. Why do you think that that is the case? Do you think that they think that it is not their responsibility to get involved in this agenda?

[52] **Mr Cooper:** I think that it is more my responsibility, in that perhaps the fora have not been marketed properly. It is very easy to engage with the traditional community-facing organisations, because they have a client base that they are trying to help, and financial capability is a big part of the work that they are trying to do. So, they are looking for support and for networks that they can engage with. Local authorities work on a more strategic level, I think. To get strong local authority representation there has to be acceptance from the top down. That is what is missing. If you look at Citizens Advice, for example, most of the bureaux get most of their core funding from local authorities. However, it goes down the traditional routes: welfare and benefits advice, and debt advice. That does not have any long-term impact, because providing debt advice without financial capability skills results in what the bureaux call revolving-door clients. You are not dealing with the underlying issues, you are just firefighting. So, if local authorities restructured their core funding and said, 'If we give you money to deliver debt advice, we want 10 per cent of that to be allocated to money-management skills support work for your debt clients' that would be good. However, I have to say that Wrexham has recently shown a lot of interest in financial capability, and it has its own open day next week, and I believe that things are also starting to happen in Conwy and on Ynys Môn.

[53] **Bethan Jenkins:** Was their reluctance because they were not aware of it, or was it because the authorities were not interested? Do you think that it is more to do with the advertising of the forum?

[54] **Mr Cooper:** Possibly. With local authorities, you have to identify the key individual who is going to pick up the baton and run with it; that is the hard part, because they are all overworked. You would think that it would sit naturally within their social exclusion agenda, but that is pretty packed anyway. You have to get to an individual, persuade and encourage him or her, and maybe see it grow from there. If chief executives were somehow to have their arms twisted to be more proactive, that would filter down through the ranks. I know that, once we have the business forum agenda, we could do so much more than we are achieving now.

[55] **Joyce Watson:** It was noted in your evidence that the money saver project was initially provided with funds from Barclays. What role do you think the private sector, particularly the financial sector, might have in delivering and funding financial education?

[56] **Mr Cooper:** They have always perceived themselves as having that role, but a lot of it is to do with their own street credibility rather than any real conviction that they want to make an impact. They are looking for branding, for exposure, but if that is the only way that we are going to get the money, that so-called 'dirty' money, I do not have a problem with that, because the benefits that we can bring to people with that money are substantial.

[57] **Sandy Mewies:** When you say, 'they', do you mean the financial sector, or Barclays specifically?

[58] **Mr Cooper:** I mean the financial sector across the board. Quite a few of them invest in financial capability, but it is at quite a low level; commitment is quite low. I do not think that I am being cynical; it is more to do with their street identity, rather than any benefits that our clients might reap from it.

[59] **Joyce Watson:** I just want to press you on this, Mr Cooper. I noted that you used the phrase, 'dirty money'. It is the case that the banks have, in some cases, caused massive problems in society, and these continue as we speak, but it is, nonetheless, also the case that

banks have invested in their communities. To probe you further, if only to challenge your thinking, do you not think that it is also the case that people need to know how to manage their money? If they are going to have debt, they will need to know how to manage it. Do you not think that there are sometimes advantages in the people who they will ask for assistance having a role? You said yourself that credit union money will not always be available, so might not the banks play a positive—that is what I am trying to get at—rather than a negative role in this agenda?

[60] **Mr Cooper:** Yes, I totally agree with that. I think that what is happening within the banks—forget about all the stuff that has gone on over the past few years—is that head office, the people at the top, will sign up to initiatives, they will support Government programmes and commit their organisations to the financial capability process. The problem is that that information does not filter down to counter level. The current take-up of bank accounts is quite high; I think that 92 per cent is pretty good. For the remaining 8 per cent, there will be a whole raft of reasons why those people are not taking out basic bank accounts.

[61] The head office signs up to basic bank accounts as a great idea, but when you go into local branches—and I visited some in Wrexham recently—you see that there is not a single leaflet about them. If people go up to the counter and ask to open an account, they are immediately offered a current account, because the counter staff get commission for opening those kinds of accounts. Basic bank accounts are not even referred to. The lack of communication across all levels is a contributory factor.

[62] **Sandy Mewies:** You may ask a very brief supplementary question, Eleanor. I do not want to run out of time, because lots of people have questions.

[63] **Eleanor Burnham:** NatWest has run an advertisement with the slogan, ‘The Listening Bank’, showing somebody in an ideal world sitting down with somebody who is managing their account. Is that your experience?

[64] **Mr Cooper:** I had the experience of going into a NatWest branch in north Wales with a resident, for a member of staff to talk through the support programme that you are referring to, and it would probably be best if I say that I did not think it was effective and leave it at that. I did not think it worked. There was too much emphasis on what the bank wanted to get out of the engagement rather than what the customer was going to gain from it. Let us not knock it altogether though—if banks are doing things like that, let us work with them, let us go on the learning curve with them and encourage them to improve what they are offering rather than criticising them a lot, which I tend to be guilty of.

1.20 p.m.

[65] **Mohammad Asghar:** This question is about the appropriateness of financial education. Everyone needs some degree of financial education, regardless of their background, but especially children from fortunate backgrounds: rich, very rich and academically very good. Those children definitely lack an education about the financial sector. You note in your evidence that many people in Wales struggle with basic skills. Are people who lack basic skills excluded from financial education? If so, how could that be addressed?

[66] **Mr Cooper:** They are not excluded from it, but they are not encouraged in any positive, open way. You are right to say that how well-off your family is is irrelevant: you can be well off and still have poor basic money-management skills. A lot of it is to do with the inter-generational effect. If parents are keen on getting best value for money, that normally rubs off on the children. If parents are accustomed to living what we might best describe as a chaotic lifestyle as regards money, that will rub off on the children as well.

[67] What I have found, working with young people, is that the generational effect works both ways. If you can enthuse young people, particularly in schools, about money management, they will take it home. They will take it home and they will talk to mum and dad about, 'Why are you borrowing from the Provident, did you know that it is costing you x times more than more traditional methods? Why are you keeping money in a jam jar, why don't you put it in the credit union for Christmas? We want our presents, and we want you to have lots of money, so why not put it into the credit union? You might get some dividend out'. That low-level work works both ways, and when older people are getting that message from younger people, it makes them bridle and take notice—'If they know that, I should know that, because I'm a lot older than them'. I think that that is brilliant.

[68] In the work that I did with Sandy in Flint, that happened all the time. The backflow of information from the young people to home and then back to me the following week was really powerful. Some parents were criticising, telling the kids, 'You go back and tell him that I borrow from the Provident because of this or that reason'. That is great and, as long as you have got the conversation going and you get people thinking, that is a good outcome.

[69] **Mohammad Asghar:** I come from a background where children are taught mathematics from a very young age—under the age of 10. In the classroom, they are given 10 rupees, worth about 50p, to see who can make it grow most within a year. Whether it is by selling sweets to each other, or buying a second-hand book and selling it to someone with money, at the end of the year, if 10p becomes 50p, you get a prize, and if it becomes £1, you get a bigger prize. That is being taught in the poorest countries in the world. That is the best way to teach financial education.

[70] **Sandy Mewies:** That is what Les was saying about making maths fun.

[71] **Mohammad Asghar:** That is it. Is there any such scheme in this part of the world?

[72] **Mr Cooper:** I have colleagues over in Liverpool who are working in primary schools and, of course, the financial education unit has just appointed Gaynor to drive this in primary schools, to assist Phil. I think that money management has to start in that setting, the primary school, so that you are putting building blocks in place right through pupils' school life, so that, when young people leave school, they have a basic understanding of how to manage money. For those who are fortunate enough to go on to university in particular, starting off life in debt is a real trap. If we can send them to university with some concept of money and credit, credit cards and banks, it will give them a far better chance that, when they come out, they will not be dragging student debt with them for 10 or 15 years.

[73] **Eleanor Burnham:** You have probably answered some of this, but perhaps you could give some other examples of cases of people with apparently good financial skills and knowledge facing obstacles when trying to access mainstream financial services. What barriers do such people face when trying to access mainstream financial services?

[74] **Mr Cooper:** I think that some of the products on offer are quite complicated to start with. The FSA is doing a really good job on that agenda. There is currently reluctance on the part of banks to lend money anyway, because they are building up their capital levels. Most people will borrow money from the easiest source they can access and not give too much consideration to the consequences, or the real cost of it.

[75] **Eleanor Burnham:** That is why you get loan sharks knocking at your door—it is an easy option.

[76] **Mr Cooper:** That is why people who are quite affluent and, you would think, highly

intelligent borrow from companies such as that. They think, 'It is easy, we can afford it, and the repayments are low'; they do not think it through to see that the money they could save could be used elsewhere. Again, if you have money, it is not much of an issue, is it? Some of us here might use credit cards and pay them off in full each month: credit companies hate us for doing that, as that is not what they are there for and they want us not to pay the outstanding balances. That is what a lot of people who are working do: they use the credit card as their transit from one month to the next, but they are always carrying this balance with them, which accumulates interest at a horrendous rate.

[77] **Eleanor Burnham:** In such cases, is it that people are just looking at how much they are repaying, rather than even considering the APR?

[78] **Mr Cooper:** Absolutely. I saw a statistic once that eight out of 10 adults in the UK do not know what APR stands for, believe it or not, and even when they know what it stands for, they do not really know what it means. There are people whom I speak to who think that bigger is better—the bigger the APR, the better the deal. It is low-level, basic information that we are trying to get across, and when people are armed with that, they will make the proper decisions, but you have to get them talking about money first. You have to get them engaged in the agenda. That is why we need this profile—we need to get people talking.

[79] **Sandy Mewies:** Is it the case that people who have good financial skills—and I am thinking about myself now—are the very people who do not change their bank rate and do not change from one supplier to another because they think, 'Well, it is a bit difficult, isn't it'? Perhaps if we had those basic building blocks from an early age, it might help us realise that we are losing money when we do not do such things.

[80] **Mr Cooper:** Yes, we need to be more financially aggressive, I think.

[81] **Eleanor Burnham:** Surely, the banks make it difficult for us to move. If you are trying to move a bank account, by the time you have done all your direct debits and changed all of that, it can get you in hot water if you have not got a lot of money to play with. You might be doing it to save money, but the banks often put up barriers. Would you agree with that?

[82] **Sandy Mewies:** See Les after.

[83] **Mr Cooper:** We need to spend more time on our finances. We are all basically lazy and do not do it.

[84] **David Lloyd:** Pa rôl y mae **David Lloyd:** What role do post offices play swyddfeydd post yn ei chwarae i alluogi pobl in allowing people to access basic financial i gael gafael mewn gwasanaethau ariannol services, such as a basic bank account? sylfaenol, megis cyfrif banc sylfaenol?

[85] **Mr Cooper:** I think that the post office has a perfect role. It needs to be supported by Government now in order to be able to expand the number of products that it offers. Although the number of post offices is diminishing, people trust them. Older people in particular have had a relationship with the post office for a long time—it is a trusted organisation. Banks currently do not have that level of trust and, particularly over the past couple of years, people have been a bit wary of banks, but post offices need every level of support that they can get. The Government needs to support them to expand the range of products they can offer

1.30 p.m.

[86] **David Lloyd:** Thank you for that very comprehensive answer.

[87] **Sandy Mewies:** I will take question 12. Oscar, can you take question 13? Les, will you tell the committee what is happening in north Wales to encourage benefit take-up?

[88] **Mr Cooper:** Benefit take-up is really important, and every organisation will support it. The problem with it is that we are always trying to engage with people who, traditionally, either do not know about it or do not want to take it up in the first place, which tends to be older people. There is a bigger role here for the Pension Service, because, with our older residents, we try to get them engaged with the Pension Services, as it does a fantastic job. A lot of it involves home visits, which means that it is private and comfortable, and that is just to engage with older people, one to one, in a conversation about what they are entitled to and why they should claim it. Once you open it outside the living room, older people tend to club together and say that they do not want it, and it tends to generate an attitude of not claiming.

[89] We need to continue to support benefit take-up campaigns, because there is an awful lot of money sitting in the bank that people could use. Again, it is about profile—we always hit the easy targets. When you say, ‘benefit take-up’, what does that mean to the person on the street, unless you break it down and tell them that if they have some disability, they could be entitled to extra financial support? We do not seem to go down to that level. We seem to stay at a more strategic level.

[90] **Bethan Jenkins:** I have done a lot of work on this in my area, and I find that those people who need to maximise their benefits are often the same people who need to enhance their financial inclusion skills. How far do you think the Welsh Government, or different agencies, have gone in trying to marry those two agendas together, so that people can understand the forms when they are trying to maximise their income, and can also try to find new ways of managing their resources, or look for new ways of managing their income?

[91] **Mr Cooper:** Accessing the benefits system is quite complicated. The forms are very difficult to navigate through, which puts a lot of people off, and there are not enough resources in organisations such as Citizens Advice to help people with simple form filling. If you marry that to the fact that we have very poor numeracy and literacy skills here in Wales, forms almost turn from paper into wood—they become such a solid barrier to people that they just do not bother and they struggle on whatever income they have. As I was saying before, local authorities need to have a bigger role in supporting communities and their citizens, so that, when simple benefit forms, like council tax benefit and housing benefit, come around each year, there is a way of engaging with those in our society who are vulnerable or seriously challenged by such forms, to give them that extra level of support to get the applications in. It seems daft to be entitled to money, but not to be able to get through the application process, does it not?

[92] **Sandy Mewies:** I will bring Joyce in with a small supplementary question to that in a moment, but first I want to say that I have been doing some work with the RNIB, which feels that forms, for example, are a huge barrier to people who are blind or partially sighted, and yet you will know that a lot of local authorities do not consider blindness to be a disability. Do you think that there is work to be done, through the Government and through local authorities, on getting these barriers recognised?

[93] **Mr Cooper:** Yes. There needs to be a vulnerability register. That is a terrible phrase, but there needs to be a list somewhere, a database within the local authority, which will flag up people who have difficulty filling in forms, for whatever reason, and who need that extra tier of support, so that, when these forms start to circulate, someone is following it up. If they are not coming back, why are they not? Let us go and knock on the door, or give them a phone call to see why these forms are not coming back. Local authorities have a huge role to play, but then again, you have to equate that with local authority staff, who are usually quite

busy most of the time, having the extra capacity to go out knocking on doors and saying, 'Look, your rent account has gone into arrears, but you were on housing benefit last month—what has happened? Have you sent the forms in, can we help you with the forms?'. That is another tier of support, but I do not think that local authorities have the capacity.

[94] **Joyce Watson:** You are right, Mr Cooper; it would be very onerous if a local authority had to go chasing forms, but they do go chasing people's attention when they send out their monthly or quarterly reports of 'how great they are' and wonderful pictures of people doing amazing things. Do you agree that it is not beyond the bounds of reason for them to pose some very simple questions on the back when they send out those reports? The taxpayer is paying for it anyway and it goes out, sometimes quarterly and sometimes annually, so why not pose some very simple questions on the back? It links to your media campaign, but on a local level. You could ask people whether they are likely to be able to claim, and they would know then.

[95] You touched on the fact that the local authority handles rent payments and also rent rebates, which is a key trigger, drawing attention to the fact that people might be entitled to other benefits. Surely authorities would have a register, because it is all computerised and they are very quick and very able to produce figures for the numbers of people who do not pay their council tax because they are below the threshold and are entitled to benefit. Surely they could translate that into a quick and simple letter that goes out to say, 'Maybe you are entitled to something else'.

[96] **Mr Cooper:** I agree. Any additional layer of publicity that we can put out into the public domain has to be looked at. There is a big problem currently with local authorities in north Wales, in that the housing department, the rent officers, do not seem to talk too much about housing benefit at a strategic level. They may chase housing benefit claims on behalf of a particular resident, but I think that the two departments should be under the same management team, to get that synergy between the two aspects. Local authorities are very aggressive in the way they recover council tax arrears. If they applied that level of aggression to helping people in the first place, I think that they could get the same sort of results. You are faced with an anomaly then, in that, because the aggression in recovering council tax arrears is so prominent, people on a low income are more inclined to start paying off their council tax arrears rather than their rent arrears. So, you are risking the security of somebody's home in one department through another department's being overly aggressive in trying to get money off them from an income that has not grown; it is static, finite.

[97] We use rent arrears, within the Wales and West Housing Association, as a trigger, an indicator that something is going wrong, and I think that local authorities could just as well do that, not just with rent, but with council tax. Before they send the account to a bailiff company, let us just think about what is going wrong. Let us establish a dialogue with that person before we take it onto another level.

[98] **Sandy Mewies:** Okay, we are coming to the end of this session. We have seven minutes left. Mark will ask the next question and I will be asking the last. I ask both questioners to be brief, as I will be, and I ask you, Les, just to stick to the answer. Thank you.

[99] **Mark Isherwood:** Les, it is good to see you. Apologies for my lateness; I have been speaking at a housing conference, but I got here in the end. The last point that you made was raised by housing officers at the north Wales financial capability forum a couple of years ago. I pursued it and would be interested to hear separately whether things have improved since. On the specific point—and I know that you have views on this, because we have discussed it previously—in addition to financial education, what other measures are required by Government agencies and other agencies to deal with the problems of doorstep money lenders and illegal doorstep money lenders?

1.40 p.m.

[100] **Mr Cooper:** It is a two-pronged approach. There is the educational side, giving people information about the real dangers of borrowing from illegal loan sharks, and it was also very good to see the setting up of the Wales illegal money lending unit. We have the educational element and the police involved, to prosecute those who are doing it, but the team is quite small, and needs expanding and supporting. There are many organisations out there now who are becoming well aware, among their own staff, of the problem of loan sharking and are working very closely with the illegal money lending unit, but there is still a big misconception out there, in that a lot of people think that Provident Financial is a loan shark. It is a question of defining where the line comes between legal and illegal money lending. It does not do our cause any good to class companies such as the Provident or Shopcheck as loan sharks: they are not. It muddies the water when you start talking about loan sharking in that context, so we need to separate that from the real effects of loan sharking, the real agendas with illegal money lenders. Does that answer your question, Mark?

[101] **Mark Isherwood:** Yes, thank you.

[102] **Sandy Mewies:** Thank you, Les. What impact, if any, has the Welsh Government's financial inclusion strategy had so far, and have you any ideas about how it should develop to make sure that it achieves its aims? For example, should more resources be focused on the particular theme of financial capability, or, indeed, any other particular theme?

[103] **Mr Cooper:** Someone like me would always say that we want more resources put into it, but we have to be practical. We said before that raising the profile of the whole agenda and the whole strategy would be far better value for the little money that you have access to. For overall impact, the money would be better spent on a sustained media campaign.

[104] **Sandy Mewies:** Is the strategy working at all, do you think?

[105] **Mr Cooper:** I will probably have a better answer to that after 15 July, because the north and south Wales fora are jointly hosting a conference to look specifically at the strategy one year on.

[106] **Sandy Mewies:** We shall keep an eye on that.

[107] **Mr Cooper:** It is going to look at the milestones, right from Huw Lewis's overindebtedness report, which kicked me off back in 2004-05, to what is happening now with the strategy—which parts of the strategy are working, are the partnerships that the strategy tried to encourage coming to fruition, and what are the barriers that people are finding to the creation of these partnerships? The whole idea is to draw out people's opinions on that day, and to submit a report to the Welsh Assembly Government about what is and is not working on the ground. Then, because the strategy is a living document, hopefully, the necessary changes can be looked at. I hope that the strategy is not there as a stand-alone, because it will not work if so.

[108] **Sandy Mewies:** Okay. Thanks very much for your written paper, which has been very useful, and for the additional information that you have given us today. You will get a written transcript of the evidence that you have given today, which you are more than welcome to correct if there are any factual inaccuracies. If there is anything that you later think that you should have said, or would like to add, please feel free to do so. I know that you have been in contact with the clerks before, and Members will keep an eye on the conference to see what comes out of that. Thanks very much and have a safe journey home.

[109] **Mr Cooper:** Thank you. It was nice to meet you all.

[110] **Sandy Mewies:** It is a lot shorter going back. Well, that is what they think.
[*Laughter.*]

1.44 p.m.

Cynnig Trefniadol Procedural Motion

[111] **Sandy Mewies:** We are going on now to the private session, if Members are willing. I move that

in accordance with Standing Order Nos 10.37(6) and 10.37(9), the committee resolves to exclude the public from the meeting for items 3 and 5, to allow the committee to look at its forward work programme, the emerging themes of the inquiry into making the most of major sporting events, and the plain language summary of its report into youth justice.

[112] Are we all agreed? I see that we are.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 1.45 p.m.
The public part of the meeting ended at 1.45 p.m.*