HOUSE OF LORDS

Financial Exclusion Committee

Corrected oral evidence: Financial Exclusion

Tuesday 13 September 2016

11.40 am

Listen to the meeting

Members present: Baroness Tyler of Enfield (The Chairman); the Bishop of Birmingham; Viscount Brookeborough; Lord Empey; Lord Fellowes; Lord Harrison; Lord Haskel; Lord Kirkwood of Kirkhope; Lord Northbrook; Baroness Primarolo; Lord Shinkwin

Evidence Session No. 6 Heard in Public Questions 61 - 68

Witnesses

I: Philip Connolly, Policy and Communications Manager, Disability Rights UK, and Lucy Malenczuk, Senior Policy Manager, Age UK.

USE OF THE TRANSCRIPT

1. This is a corrected transcript of evidence taken in public and webcast on www.parliamentlive.tv.

Examination of witnesses

Philip Connolly and Lucy Malenczuk

Q61 **The Chairman:** Thank you very much for coming along. We very much value the time that you are giving up for the Committee. Welcome to this evidence session. You have in front of you a list of interests that have already been declared by members of the Committee. This meeting, as I think you know, is being broadcast live via the parliamentary website, and a transcript of the meeting will be taken and published on the Committee website. You will of course have an opportunity to make any corrections that you feel are needed.

Could I ask you both to say a few words, from your experience, about the nature of financial exclusion that your members—the people you are particularly concerned about—experience? What do you think are the main causes of this exclusion?

Philip Connolly: My name is Philip Connolly. I am the policy and development manager for Disability Rights UK. The experiences of our members and of the organisations that are members of Disability Rights UK in terms of poverty are manifold and complex. They have particularly got worse over the last number of years.

People experience financial exclusion in lots of ways. They experience financial exclusion because they live in areas with a high concentration of people on low income and people with disability, where even accessing their cash from ATMs can be quite a challenge. The ATMs might charge for them being able to withdraw money, and there might be very few ATMs. That is particularly true for people in social housing in outlying suburbs of towns and cities.

People may experience financial exclusion because the way they are being communicated to is not appropriate or even legal. Many of the communications from financial institutions are standardised. There is no respect for whether people can actually read, whether people have a cognitive problem, whether people have a disability that impairs their understanding of what they are receiving or whether they are visually impaired and cannot see the printed word. So, they are excluded from information, which is one of the more serious forms of financial exclusion.

People experience financial exclusion because their incomes are simply too low—and falling—to meet basic needs. People are struggling to pay for housing and food. Perhaps even more important than that is contact with other people, which is a source of support and information—a source of financial support in itself. I can come back to this but, increasingly, people are being driven indoors. Despite the high profile of the Paralympics, we are not seeing many people with disabilities in our high street. People experience financial exclusion in other ways, too. Getting access to pay for things is becoming difficult because of the disability poverty premiums in making purchases.

On the causes of this, clearly, the austerity programme of the Government and the cuts in benefits have had an enormous impact. It is a complex picture. Many disabled people have the talents and skills to get jobs but face negative attitudes from employers towards employing them. There are weak legal protections for people who have become disabled. Often, these people are failed on performance instead of being supported through the duty to make reasonable adjustments and to help keep them in employment. More people are losing their jobs in this way than are getting jobs through the work programme or work choice.

Another problem here is the poor performance of the Government's back-to-work support programmes. People were being presented in the early years of the austerity programme with, "Don't worry so much about the cuts. Look at the fantastic support to help you get into work", but that has not materialised. The performance of it is abysmal. So, people are compounded in their financial exclusion because not only are they facing cuts, but their support is not there to get into work, and the support is not there to stay in work.

There are many other issues, all connected with this, that we could and should explore, and I am sure members will have specific questions on these, but those are my opening contributions from the perspective of disabled people.

Lucy Malenczuk: We would describe the two ways you might be financially excluded as relating to either financial capability or goods and services not meeting the needs of the user. By financial capability, we would include your knowledge, your skills and your motivation or confidence to interact with the system.

It is very important that we look at the fact that goods and services are often not meeting the needs of many of the people we are working for. We separate it out in that way because a lot of the interventions that we would want to see might address one or the other.

In more concrete terms of who we are talking about and the problems we are talking about, we see barriers to people managing their money day to day. Some of the chunkier questions in that area involve the move of services online.

A smaller but very important issue is the lack of flexibility for people who need some help to manage their money. That can happen at two ends. You may need help to access cash or to communicate with your institution, but you want to be able to make all the decisions yourself. Alternatively, you may feel that you would like somebody else to help you with your larger decisions, but you want to be in control of your day-to-day managing yourself. The system does not currently work very well for people in either of those situations, which is why we would talk about flexibility and third-party access broadly. They would be two specific issues in terms of managing money day to day that I would bring out.

The other area that we are particularly concerned about—there is a risk here that we are broadening the understanding of financial exclusion too much, but I think it is appropriate to think of it in these terms—is looking at what is happening in retirement now. I hope there will be more questions on this later. We are placing demands on people to manage their money and to make what are complex investment decisions, perhaps not with large amounts of money, such as how you accumulate enough for the length of retirement that many of us hope to have. The world is not equipped to help people to do this at the moment, as individuals. Those are some of the things that we are particularly concerned about.

The Chairman: Thank you both very much. I am sure we will pick up on a number of the issues and themes that you have raised as we go through the questions.

Q62 **Viscount Brookeborough:** To what extent have policy interventions to tackle financial exclusion assisted your members? How effective are targeted interventions to assist the most vulnerable, such as those with dementia, and are further measures required?

Philip Connolly: I think the policy interventions are few and inadequate. They have even been withdrawn in some cases. For example, many local councils implemented their own welfare support measures as part of emergency procedures to help people with disabilities who are facing the loss of benefits. Many of those schemes have since been withdrawn. The policy interventions and support are few and far between, and they have been progressively withdrawn. Under universal credit, severe disablement premium has been withdrawn. When people were migrated from the disability living allowance to the personal independence payment, even before the assessment was created, it was announced that 600,000 fewer people would get the support. The effect of all the assessments has been to restrict eligibility and ration the number of people who can obtain support.

People often focus on the people who are on benefits, but huge numbers of disabled people are now not in receipt of any benefits, such as the personal independence payment or the employment support allowance, through the effect of the work capability assessment and the fact that we have now moved to the abolition of the mild or moderate categories in social care, so that only people in the severe and critical categories receive social care. We have had a succession of assessments—and the trend is continuing—that restrict eligibility and ration support, and many disabled people are outside those systems now.

Viscount Brookeborough: I have a more general question, which applies to both of you. Obviously, those people who are the most excluded are those we do not have contact with, either from the banks or from you or from anybody else. Organisations such as yours either have a membership or they are involved with a group of people. We talked about the banks and their social responsibility. To what extent do you take on that social responsibility? Do you have programmes? Do other organisations, representing the blind or whatever? What programmes do you have for contacting every single one of the people you are in contact with about financial exclusion and ensuring that, if they are capable of it, they may be aware of it?

Philip Connolly: We run a second-tier advice service. We provide an advice service for people who are on the front line giving welfare rights advice. We expect that most people, even if they do not have a bank account and do not get any financial support from their bank or the banking sector, might go into a citizens advice bureau or a money debt agency and might get advice from those people. We provide advice to the people who are advising them. We are a very small organisation; we are a national organisation. We are very small, but we are trying to deal with all the public policies, which affect about 12.2 million people.

There are severe limits on what we are able to do, but it is in this area—

Viscount Brookeborough: Are you proactive, or do you wait for somebody to ask you? To the people you are involved with, do you say, "Do you have a bank account?", or is that too much intrusion? Do you say, "Do you have any savings? If not, here is who you should go to"?

Philip Connolly: I fulfil the campaign, policy, research, development and communications function of our organisation. That is how small we are. I try to split my own workload such that I spend about 40% of my time trying to be proactive and about 60% trying to react to aspects of government policy.

There are particular programmes that I am developing to help young disabled people in particular to get work. I could mention those and am happy to talk about them, but I thought they might be outside the remit of your Committee.

Viscount Brookeborough: Well, we are really talking about the exclusion bit rather more than the work in itself.

Lucy Malenczuk: To answer your second part first, we have an information and advice function. A significant part of that is reactive. People call up the advice line, and we still send out paper copies of a number of guides that we have, or we will talk people through them over the phone. We will also try proactively to distribute those guides at various events where we think people who might need them will be.

We are fortunate to have a very strong network of local Age UKs, which will be much more proactively involved, going out and trying to find people who need support.

Viscount Brookeborough: Are all those local ones—we have them in Northern Ireland, in our local villages—aware that they should be focusing on financial exclusion? You help them in various other ways, with trips and looking after them.

Lucy Malenczuk: They might not call it financial exclusion. It would probably be "managing your money" or asking whether they need some help with something else, but, particularly if somebody is providing benefits advice, it would come up as part of that. I think it would come up as an adjunct to other things that are likely to be core activities.

We run some more specific programmes, which will be really proactive, going out to try to find people who need help in addressing this issue in particular. That will not be happening across the entire network, because it is simply a funding issue.

In terms of quality interventions more generally, in the past, we have seen some very successful interventions, and the Financial Inclusion Taskforce was certainly one of them. I hope that we are now moving on from the focus on getting people a bank account, which is very important, to a bank account that they can use and that works for them. Certainly, we have a lot of people who, on the surface, look banked, but I would say they are not banked. If you withdraw all your money in cash once a week and direct debits do not work for you, because you do not have the margin to allow for the failure of direct debits, am I making you more financially capable to encourage you to use that service? I am probably not, actually. It is a case of whether those services work for you and whether you know how to use them. That is the kind of intervention that we would like to move towards.

We are seeing a lot going on right now—this has been mentioned before with the FCA's work on vulnerability, access and its ageing population strategy, which we are obviously extremely pleased about—but I would say that the proof is yet to come out of those interventions. The British Bankers' Association has a task force, but a task force does not help me access my cash or make it easier for me to register my power of attorney. That is where the recommendations that have been made previously around having a greater focus could be really useful.

You mentioned the case of the hardest-to-reach people—the people we do not have contact with. One of the biggest problems is that we do not know them and they are not researched. That is a really big problem for the older population. It is getting a bit better, but it is not good enough. We do all our research online and we say that everybody is using online services, but of course the people you ask on the computer say that they are happy to do that. I do not believe you have managed to do the jiggery-pokery especially—that is the wrong word. You can to a certain extent, but not adequately to cover that hard-to-reach group.

Are we really trying to understand how these people are using financial services and what their needs are? That is very important.

Baroness Primarolo: I wonder if we could focus specifically on the question of dementia and of being able to identify the vulnerabilities. What I have in mind here is that we all probably know individuals who manage perfectly well all their lives, but the development of dementia means that their capability to continue to do that can decline, and nobody knows. Then, there is a most almighty financial crisis, which will bring together a whole range of things.

When you were talking about identifying vulnerabilities and power of attorney, I was interested in whether there is more that we can require to be done that recognises an individual's fluctuation. It would not just occur with dementia, of course. Due to other pressures on them and on their health, things can decline and improve. What could we do there? We are seeing more and more people ending up in a terrible mess with the bank, with tax and with the payment of bills or whatever, simply because nobody knew about the presence of developing dementia in their lives.

Lucy Malenczuk: There are a range of interventions, some of which are perhaps beginning and will need to be drawn along and some of which will not have started yet. In terms, specifically, of how we could require that to happen, I might have to think. I do not think we have a call at the moment around the requirements, save that we think that, to be able safely, conveniently and affordably to access financial services, which I think has particular relevance for the group we are talking about, is an essential service. There is a strong case now for moving further beyond things like the duty of care to say that this is an essential service. There are a lot of costs to individuals and society if it is not adequately provided. That should be our expectation behind everything. Flowing from that, you may have more specific requirements.

In terms of the interventions, working on the stuff the FCA has done to help encourage identifying vulnerabilities through staff training and recognising patterns of spending, a lot of work has been done there. Firms also need to be able to respond to that, and I am not sure that, currently, we always have the services to give people the flexibility to manage their money in the way that we would like them to in order to maintain independence.

The biggest thing will be encouraging people to plan ahead, with help managing their money. There is a stream of work that we are involved in on that, saying, "What do we actually know about how we can encourage people to plan ahead, not in terms of saving but people thinking that they may need some help with their finances? How would they be happy to receive that?" That needs to go in tandem—and, hopefully, is at the moment—with the developments that say what is available to people. It is then about working out how we communicate that effectively to people.

Baroness Primarolo: What I had in mind—

Lucy Malenczuk: Sorry, I am not sure I have answered that.

Baroness Primarolo: It is a really difficult area, but what I had in mind was, for example, the number of people who have decided to take out lump sums of pensions that would not provide enough of a regular income, because they know that they are going to have to pay for care, and the development of their dementia gives that urgency. It might not be the best thing for them to do at that time, but they then do it in isolation. Is there something that is joined up that we can do that flags that in the system?

Lucy Malenczuk: In that situation, you have a stronger case for saying that everyone needs to have a Pension Wise appointment, and to have those before you withdraw money in some situations. Those kinds of issues will arise with secondary annuities. We are very concerned about that in particular, especially where there are joint annuities. How will you spot needs then? We think that some advice—I know there are questions around costs—should be required before an annuity is sold on the secondary market.

Q63 **Lord Harrison:** I am very grateful to Baroness Primarolo for pre-empting my question, but how will recent welfare reforms exacerbate or alleviate financial exclusion among your members? I have in mind recent pension reforms. Andy Haldane, the chief economist, says, astonishingly, that he is "moderately financially literate", which is good news for all of us, but he was not able to make the remotest sense of pensions. Tell us more.

Lucy Malenczuk: I think this is a question that may not traditionally relate to financial exclusion, but we saw in the recent Citizens Advice report that people reaching retirement age with £100,000, not an inconsiderable sum, do not know what to do with it and put it in their current account. I am not a financial adviser, but I am pretty sure that is not a good idea over an extended period.

There are lots of things that we could do to improve the situation as is. The pensions dashboard is an excellent start, but whether it is really useful will depend on whether all providers are required to input their information. We can understand why some providers may not wish to, because there will probably be a drive to consolidate pots. If you are not very competitive as a provider, you may lose out, so you may feel that you do not wish your information to go on to the pensions dashboard. The state pension should also be included, as should really good tools to help you understand the rate at which it is wise to draw down and how to make decisions. We are very pleased that the pensions dashboard is going forward, but we would like more attention from the Government to ensure that it is as good as it can be and is actually useful.

One of the most successful interventions that we have had in this space is auto-enrolment. We have talked a lot about financial capability. That is an incredibly long-term, ambitious intervention, and I think we will need what we call default glide pathways in the intervening time. The industry is always working with people's biases and defaults, and we need to do the same now. It needs to be easier to do the right thing than the wrong thing.

We need improved take-up of Pension Wise and we need to keep monitoring how well it is performing.

Q64 **Lord Harrison:** Chairman, I wonder whether Philip might like to respond to that, too, but if I can just plug the last Select Committee I sat on with Lord Northbrook, we looked at the Equality Act and the effect on the disabled. I hope that Philip has the opportunity to read that, although it does not particularly deal with financial exclusion.

Is there anything in the way of recent reforms that affects your disability role?

Philip Connolly: Yes. First, with respect to the previous committee of which you were a member, Britain is a signatory to the UN Convention on the Rights of Persons with Disabilities, which was ratified in 2009. There are many articles in there, but Article 27 covers employment and access to adequate social protection. Those are cast into doubt by the recent Welfare Reform and Work Act 2016, which abolishes the work-related activity group for people on employment and support allowance. Those are people who are too ill to work. Yet those people are facing a 28% cut in their income from next April.

The trend in welfare reform has been to cut people's income. All the engagement that we have with DWP is really about the nature of the cuts. We do not have a conversation with DWP, for example, about how we can drive down the costs that disabled people face in their living standards. How can they start to have a leverage, as a consumer group, over the price of goods and services sold to them? We do not have a conversation like that with DWP. It is only ever about, "Well, we are thinking about this cut. What do you think?" We provide the evidence about why it is not a good idea, and it then becomes a reality. The only exception has been the awarding of points for the PIP in February-March, which led to the resignation of the Secretary of State. That was a very rare exception.

The Chairman: Lord Harrison, I am conscious that we have already started to get into pension reforms, but do you want to—

Lord Harrison: I was going to say that I think we have really covered this question of pensions, and of what happens after you have the ability to draw down at age 55, very fully; so I suggest we move on.

The Chairman: Okay.

Q65 **Lord Shinkwin:** I am interested, following on from Lord Harrison's remarks, in the report of the House of Lords ad hoc Select Committee on the Equality Act 2010 and Disability, in which reasonable adjustment was a key theme, in particular the duty as it applies to providers. I would be interested to hear your comments on that document.

I would also be interested to know to what extent you feel that the market has responded with products and services. In its submission, Scope mentioned that the insurance industry needed to make greater "efforts to understand how the market is working" and, by implication, is not working, as may be the case, "for disabled people".

Do you feel that the market has got it right, is listening and is understanding? Are there further measures that could usefully be taken, either through greater encouragement or through regulation?

Philip Connolly: Yes. First, the market is generally unresponsive, largely because it wants to deal with bulk markets—large markets with large numbers of consumers within those markets with similar characteristics. The disability population defies all that. The disability population is big, but very diverse. It is diverse in terms of its impairments, the severity of its impairments, the extent to which they have adapted to their impairment or found a coping strategy and the extent to which they are able to advocate for their own needs. The disability sector is vast and very diverse. The market generally fails to distinguish and differentiate.

There are trends that are happening that may stand to make things better. One trend is in the area of technology, for example with digital fabrication. One of the projects that I have been running is a mobile digital fabrication laboratory in the city of Salford, to help disabled people to design and make their own bespoke products that are appropriate to them and that meet their needs.

Another trend that may be helpful in this is IBM's Watson, which is a software package that allows us to number-crunch non-quantitative data, so that we can compare terms and conditions of insurance claims, for example.

Then, however, you have to make that public and give disabled people a way to access that information. Disabled people are the biggest single group who are not online: 42% of disabled people are not online, looking at the digital inclusion strategy.

The market needs some kind of coercion over it, and that coercion should take at least two forms. First, there should be some regulations, which I would look to this Committee to recommend to government. The other thing should be helping disabled people to coalesce into communities, and for those communities to have leverage over the goods and services sold to them, both specialist and non-specialist.

At the moment, one of the biggest fault lines in the way the Government deal with disabled people lies in a story that runs like this—or rather, a story that never runs like this. "Oh, you are disabled? Have you ever met anybody else with your condition? Have you ever had some engagement or some conversation with somebody else with your condition? Have you ever learned something about adaptation, coping or a responsive strategy from somebody else in your situation? Have you ever met your peers? Would you like to do so? Would you like to be part of a learning network? Would you like to be part of a consumer group that could pool personal budgets and get a better deal from providers?" At the moment, that conversation never happens. People are only ever treated as individuals. They are in a much weaker position because they are treated only as individuals.

The state could do a huge amount to facilitate that coalescing. For example, Jobcentre Plus knows a lot about its clients. It knows where they live. It knows a lot about their backgrounds. That conversation that I have described never happens when someone goes to Jobcentre Plus.

There is a lot of scope, but this is one of the biggest fault lines that lies between how disabled people are treated.

The Chairman: Would it be possible for you to provide the Committee with a bit more information about your project in Salford at a subsequent date?

Philip Connolly: Yes.

The Chairman: It sounds very interesting.

Lucy Malenczuk: I largely agree with Philip, unsurprisingly. We could say that Nest is a market response, which is very positive, but a lot of the things we might say have come from a government or outside push as well. I do not think that we have seen a great flourishing of wonderful responses to the needs of older people by means of the traditional demand, supply and competition. That is partly because market research typically has not addressed the needs of older people. There has probably also been stereotyping around the needs of older people.

Older people are an incredibly diverse group. They are not a one size fits all. Even as the population ages, you still cannot say that this type of person is your new market, because there is no "this type of person", as we all know.

Demand is weak. It is not a strong enough driver to create the outcomes that we are looking for. I worry that it could get worse as firms become more sophisticated in analysing their consumers. Will those consumers who do not appear attractive, in particular, be even less well served? Thinking about the price optimisation analytics that sit underneath decisions now, not just for credit but for other products as well, will we see that getting worse? That will be very hard to advocate around, because it is ever so hidden. That is something of interest.

Lord Haskel: I suppose I ought to declare an interest as a donor to the University of Salford dementia unit, which works with your organisation.

You explained the problems, but you did not say whether you thought there was any way that the market could be incentivised to respond to the financial exclusion of disabled people. Is it regulation, or should there be any special accounts? Is there any way that you think it could be incentivised?

Philip Connolly: Yes, absolutely. One of the first ways forward is to help disabled people form a community and to have the leverage of a consumer group, with the power to shift things. For example, it is like the way in which Groupon works. If disabled people could be brought together in a group, they could negotiate a price. That price might only exist for a certain length of time or it might be contingent on the number of consumers, but it could be offered to people on the basis that there are enough people wanting it at that price.

The spending power of disabled people has been estimated by the Government at £212 billion. That is known as the purple pound. It is a huge sum of money, but industry and commerce have very little knowledge of the market. It is as if everybody is spending a lot of time trying to access the Chinese consumer market. There is a hidden, underserved market in our own country, which, globally, is of the same sort of dimensions as the Chinese consumer market.

Lord Haskel: Could they be serviced, for instance, off a digital platform or something like that?

Philip Connolly: Yes. There is scope, as I say, with IBM's tool. It needs exploring—it is in its infancy—but it offers up the possibility of being able to help people compare and contrast markets in complex products such as insurance or travel insurance. There is a need for some investigation in this.

One of our sister charities, Scope, did a report into the extra costs of being disabled and what was required to remove some of those extra costs. In a wide range of recommendations that were made, it included recommendations for the Financial Services Authority and the various regulatory bodies. A lot can be done in this area, particularly to remove these disability poverty premiums, whereby, if you are poor, you are paying more for things, because you lack the consumer leverage. For example, if you can make a quick cash outlay, you can buy things in bulk. If you are poor, you cannot afford to buy things in bulk. Those kinds of principles work across all sorts of products and services. I am sure that the people here know of their own examples.

Q66 **Lord Kirkwood of Kirkhope:** It is a very interesting idea. Motability is a very good example of what Philip has been explaining. Enhanced eligibility for PIP gives people access to mobility. I would be really interested in trying to develop ways to translate some of that. The DWP supports all that, but you might be able to do something that would give group access to financial capability. I think it is a very good notion. I am really grateful for the evidence.

I want to ask you a question about the Post Office card account. I guess it is really directed more to Lucy than to Philip—but maybe not. On the recommendations that we could make as a Committee, we are about trying to enhance capability in any way we can, and those of us who have been in the game for a long while remember the transition from the old giro book to the 2003 Post Office card account when it was introduced. Over the past 12 or 13 years, it has had a chequered history. It has been two steps forward, three steps back.

The Government panicked in 2014 and said that they were going to confirm the existing limited functionality through to 2021, which was of some disappointment to a lot of us, because it is of course limited. It cannot take wages in, and it cannot carry direct debits.

It would seem to us as a Committee that we could make a recommendation, saying that the new Government could look again at the facilities that the Post Office card account currently offers and enhance them. Does either of your organisations have a position on that in terms of the representations that you have made to Government or, perhaps in a wider context, looking at the wider pressure group community, are you aware of any feelings that might encourage us to make a recommendation that the Government should try and expand what is available through the Post Office card account?

Philip Connolly: I think that is one for you in the first instance, Lucy.

Lucy Malenczuk: Our strongest recommendation around the Post Office card account has been that banks should learn from it and offer a second card on their conventional account. I do not know how familiar you may be with the Post Office card account, but there is an ability, which not everybody takes up, to have a second card on your account. If your son or daughter is the person who regularly accesses cash for you, or even if you just have the flu and cannot get out, you can give them this card instead of your own card with your own PIN. That functionality is something that we would like to see on conventional bank accounts, because we think it would help a lot with the third party access issue—which does not answer your question, I am sorry.

Lord Kirkwood of Kirkhope: But it does, actually. What you are saying is that you do not think the Post Office card account is worth having.

Lucy Malenczuk: No, no, I do. Interestingly, there has been an innovation within that product, which is not a market-driven product and which is extremely important for our client group. They have recognised that some people need help managing and accessing their money, and they have put a second card on. It shows that it can be done, so there is no reason why other institutions should not develop something like that. From our perspective, it has been a bit of a pathfinder in that respect.

We would probably like mainstream institutions' accounts to be designed so inclusively that we did not need any of these additional requirements, but we are not there yet at all. That is another big reason for asking firms to design more inclusively, so that we do not have to fund all these additional services for people in different ways.

Lord Kirkwood of Kirkhope: Could Lucy perhaps be invited to produce a page of A4 expanding that?

Lucy Malenczuk: Yes, of course.

Lord Kirkwood of Kirkhope: I am waiting for the moment when I get my hands on some Post Office people to give them a really hard time about not being more adventurous about the limitations on the card. However, you seem to be saying that you would not want to lose it, because there are indirect advantages.

Lucy Malenczuk: I am not saying that they should not also be more ambitious, and I would be very happy to write. It was simply to highlight that they have done something very good, which nobody else has yet done.

Lord Kirkwood of Kirkhope: I did not know that—and that is very useful.

The Chairman: We would be very grateful to receive some extra written thoughts from you on that. Thank you.

Q67 **Lord Empey:** I have a question on technology, which was touched on earlier, pointing out that a large number of the client group is currently excluded from that. Do you see what might be required to ensure that technology reduces rather than exacerbates exclusion? By definition, we might talk about platforms and so on, but to a very large part of the client group that is irrelevant, because they are not there. However, if more is done using technology—of course, there can be different types of technology—is it possible to reach into that client group to prevent them being excluded and to move them from exclusion to involvement?

Philip Connolly: Obviously, the short answer is yes. We need to make more of existing assets. For example, schools, colleges, developers and employers often have massive banks of computer equipment, yet they are in buildings that are open only around two-thirds of the working day, and the equipment in them might be available for only half the working day. They are spending the rest of the time employing guard labour to stop people using it, rather than training labour so that people might get to learn how to do things on it.

We really need a different attitude towards the current stock. We have to understand what that stock is, and we have to understand why we do not have a programme that makes use of it. Why are schools, colleges and universities not open to the community to go in and learn how to do things—perhaps how to use money management software, learning to manage bank accounts or to budget, or learning basic numeracy on that equipment?

We also need to take a leaf out of what Barclays does. It has a thing called Digital Eagles, which is a mentoring system to help people to become more digitally savvy. We need some kind of mentoring programme, too. To use the phrase that I like, we need to connect the people who can inspire to the people who aspire. We connect the people with the talents and skills to help people understand and manage what is often a very tiny amount of money and an unfair amount of money. At least it is trying to connect them to people who can offer the time and the skill to help them with that. The banks should finance this.

There are things that could and should be done—making more use of the assets and having mentoring systems to help with this—but that is one of the ways forward.

Lucy Malenczuk: I think it is a "yes, but". We will not get rid of the need for non-digital options for several decades to come, if we ever do. That needs to be very clear. There need to be alternative channels for people who will not get online.

That said, there is a lot that we can do to encourage more people online in Age UK. There is a lot of work on this, and we could write ad infinitum to you about it, if that would be of interest. There is also more that we can do to design the products and services so that they encourage people to get online, by taking an inclusive approach and saying that, if we can design something for an older person who may not be terribly confident online, who may have some sight impairments and who may be using old, dodgy equipment, perhaps we do not all want everything to be very complicated. Perhaps that will be simple and attractive for a wider range of people. It need not be a negative form of design; actually, we think it could be a very positive form.

Lord Empey: We have things like silver surfers and all sorts of things that are attempting to improve the situation, but, as Philip pointed out, anybody who has ever had a constituency will know that the issue of schools, their playing fields and their pitches is difficult—some of the schools want grants for more barbed wire to keep people out. That is an issue that goes way deep into local communities, boards of governors, insurance and all sorts of things. However, I still think there is an underlying reality to the potential benefits in what you are saying. It makes common sense. They are community assets, after all.

Q68 **Lord Northbrook:** In wrapping the session up, in considering financial exclusion, where would you like to see the Committee focus its attention?

Lucy Malenczuk: I would like to see the Committee strongly recommending that the Government take a lead, as the Financial Inclusion Commission asked. I would like that commission—that person—also to increase, in particular, the transparency of data that we have around how the currently excluded groups, including—although low income is definitely a very big issue—some of the more hidden, hard-to-reach groups, are using financial services now, so that we can understand what the solutions are, based on good, solid evidence.

I would like an enormous focus on information and advice, recognising that that needs not just to stop at retirement any more; that will be ongoing throughout retirement, which is incredibly challenging. We are very concerned about the direction of travel with the reforms to the Money Advice Service. Reform may be needed, but we think that there is a huge potential danger there.

Lastly, firms should be encouraged to design inclusively. That should be the norm. Financial services are essentially a public good.

Philip Connolly: I would like to see the Government compelled to have some kind of disability impact measure and to understand that impact before they bring about policy—even before they consult on policy.

A week last Monday, I had a meeting with Dame Sally Coates, who has just led a review of education in prisons. Her review, *Unlocking Potential*, which came out in May, showed that, officially, 32% of the prison population are people with disabilities. The real belief is that it is a lot higher than that when you take into account mental health and emotional and challenging behaviour linked to a disability.

It strikes me that a lot of the people who go into crime do so because of a lack of opportunity in everyday life. We know that disabled people are on low incomes, we know that disabled people struggle to get jobs and we know that disabled people do not benefit, in the main, from a lot of the employment support on offer.

When the Government deny opportunity, or when the effect of government policy is to deny opportunity in lots of other areas, inevitably people will end up in prison. That is one of the places we will find people. We need to understand the cumulative impact of government public policy on disabled people’s life experiences. In particular, financial exclusion is a key one here. At the moment, the Government have resisted this. There have been studies and literature done on it. That is what we need to understand. We need to understand the interplay of the different aspects of government policy. That would go a long way towards informing what the Government choose to do.

The Chairman: I thank you both very much. It has been an absolutely fascinating session, with lots of very interesting ideas. We are very grateful to you.

Philip Connolly: One of our jobs as a charity is to try to give a voice to people. I just wondered if I would be permitted to read a paragraph from an email that came from a disabled woman who had contacted us when she knew that we were giving evidence today.

The Chairman: Would it be possible to send it in to us, so that I can circulate it?

Philip Connolly: Sure.

The Chairman: It is just that we are slightly behind time now—I do not know how long it is. If you can send it in, I will ensure that it is circulated to all members.

Philip Connolly: Okay.

The Chairman: Is that okay?

Philip Connolly: You are the Chairman—it is your decision.

The Chairman: We are just a little behind time. I know that one or two colleagues have to go, and we just have to transact a bit of further business. I shall look forward to receiving it, reading it and circulating it. Thank you very much.