



Response to the consultation on a proposed Financial Education and Inclusion (Wales) Bill

Introduction

As the UK's financial capability charity, we greatly welcome the focus in this consultation on financial education and inclusion, and the opportunity to respond. The proposals for the Bill have the potential to make a significant difference to the financial capability of people in Wales throughout their lives, and we are delighted that this hugely important topic will be the subject of debate and scrutiny in the National Assembly.

We believe that being on top of your money means you are more in control of your life, your finances and your debts, reducing stress and hardship. And that being on top of your money increases your wellbeing, helps you achieve your goals and live a happier more positive life as a result.

Our vision is for everyone to be on top of their money as a part of everyday life. So, we empower people in Wales and across the UK to build the skills, knowledge, attitudes and behaviours, to make the most of their money throughout their lives.

Consultation questions

1. What are your views on making financial education a statutory part of the curriculum (from Key Stage 2 onwards), in a similar way to personal and social education (PSE) and work-related education?

We strongly support the proposal to make financial education in its own right a statutory part of the curriculum in Wales. Teaching children from an early age about the importance of money management, and providing them with the skills and knowledge needed to stay on top of their money, has benefits throughout their lives for their finances, health, and wellbeing. Making financial education statutory has the potential to raise its profile in schools, as well as ensuring it is taught to all pupils in Wales.

However, while the proposal that this should be a part of the curriculum from Key Stage 2 represents an improvement on the current PSE framework that introduces financial capability at Key Stage 3, we strongly believe that financial education should be a statutory

part of the curriculum throughout a child's time at school, from Key Stage 1 to Key Stage 5. This would embed financial education as part of a child's life from an earlier age – research has found that core behaviours relevant to financial management are shaped by the age of 7¹, so starting financial education in schools at Key Stage 1 would be an important step in affecting those behaviours, thereby improving the effectiveness of financial education in later Key Stages.

Extending financial education to Key Stage 5 would also ensure that 16 to 19-year-olds are better supported as they become increasingly financially independent. While we recognise there are some practical obstacles around implementing such a requirement post-16, this stage of a young person's life is an essential transition point to financial independence, which brings with it a range of challenges and requires the application of financial skills and knowledge, in many cases for the first time in the 'real world'. There is already a recognition of the importance of this in Wales, as shown by the fact that Welsh Government's guidance on financial education extends to 19-year-olds.

Further evidence of the importance of financial education for young people in this age group is provided by the Money Advice Service report *The Financial Capability of 15-17 year olds*². This found that while 70% of 15-year-olds were satisfied with their current finances, for older age groups this dropped markedly to 65% of 16-year-olds, 55% of 17-year-olds, and 47% of 18 to 24-year-olds. This might partly be accounted for by a dissatisfaction with their 'income' relative to peers, but as the lowest satisfaction was recorded among the age group most likely to be financially independent (whether at university or in work), it does highlight the need for effective money management skills among young people of this age. The same research found that only 8% of 15 to 17-year-olds got their most helpful financial advice from a teacher – in contrast, 77% turned to their parents, and 15% did not get advice from anyone. While there is of course a place for family in delivering financial education, there is also a need to ensure any financial skills and knowledge taught to young people are up-to-date and accurate, something that can best be overseen in an educational context.

One option for delivering this would be to include post-16 content in a framework for financial education, as is currently the case for PSE and work-related learning. However, we recommend going further than this and making financial education a statutory part of the curriculum to Key Stage 5, given the high importance of financial education as highlighted in the proposals for this Bill.

Latest figures from the Welsh Government³ show that 29,568 - 84.6% - of school-leavers in Wales continue in full-time education, meaning there is an excellent opportunity to reach this group at a pivotal time. We have considerable demand for our post-16 workshops in Wales, which provide students with important money management skills and knowledge about finance, including university student finance. Since 2011 we have reached nearly 8,000 Welsh students with our post-16 workshops, and regularly receive repeat bookings from colleges, demonstrating both the demand for and value of our workshops, as well as the importance providers of post-16 education place on financial education.

There is, of course, a need – perhaps a greater one – to also engage those young people who do not continue in full-time education. We would welcome any additional measures to reach the approximately 4,500 young people who fall into this category a year (for example, imposing a duty on providers of work-based training to provide financial education) although this arguably falls outside of the scope of the current consultation.

¹ <https://www.moneyadviceservice.org.uk/en/static/adult-money-habits-are-set-by-the-age-of-seven-years-old-shows-new-study>

² <https://www.moneyadviceservice.org.uk/en/static/the-financial-capability-of-15-17-year-olds>

³ <https://statswales.wales.gov.uk/Catalogue/Education-and-Skills/Post-16-Education-and-Training/Lifelong-Learning/Pupil-Destinations/DestinationsOfYear11PupilsFromSchools-by-LocalAuthority-Year>

2. To what extent should there be increased provision of financial education in schools to better prepare young people for the challenges and financial decisions they face beyond school?

While there are certainly examples of good financial education in Wales delivered by schools or by external organisations such as ourselves, increased and improved provision is vital. We know that 88% of people in the UK believe financial education should be delivered in Schools⁴, but 38% of young people in the UK have received no formal financial education⁵, a situation that highlights the desperate need for increased provision of financial education.

There have been some developments in the provision of financial education in Wales since Estyn's 2011 report on the topic⁶, most notably the introduction of the Literacy and Numeracy Framework, which includes some elements of financial education in its 'Using Numbers' strand. However, we are concerned that many of the obstacles to effective financial education identified by Estyn remain, such as a lack of curriculum time and a lack of co-ordination of financial education within schools. There is an opportunity in this Bill to concentrate attention not only on increasing provision of financial education in schools but improving provision, both existing and new, to give all Welsh pupils vital financial skills that will have an impact throughout their lives.

3. In what ways and to what extent are money and financial matters relevant to what young people should be learning at school?

Money and financial matters are extremely relevant to what young people should be learning at school as part of a rounded education that not only focuses on academia but also provides young people with essential life skills. Financial education is a particularly important life skill, as it is something that will affect all young people throughout their lives.

It is also clear that schools, colleges and young people in Wales recognise the value and relevance of financial education. Since 2011 we have delivered nearly 400 workshops in Wales, helping over 9,000 11-19 year olds understand and feel confident about money, including budgeting, credit, and the importance of making the right choices and understanding the consequences.

We constantly evaluate the money workshops we deliver, and the latest results of this reinforce our belief that young people should be learning about money and financial matters in school. For both our 11-16 and post-16 workshops, more than 90% of students told us that they had learnt something new, and that all students should see the presentations.

Students also learn important information and skills through our workshops that are necessary to prepare them for adult life, such as what APR is, and how to create and use a budget. For example, one Year 13 student in Wales told us: "I will now value money more as I did not think about the bills I will have to pay once I leave home." We believe that an important role of education is to prepare young people for the world beyond school, and this sort of understanding about money is essential to that.

4. If financial education becomes a statutory part of the curriculum, should schools have flexibility in how they follow guidance on its delivery?

Giving schools flexibility to follow guidance on the delivery of financial education is key to its successful implementation, particularly given that it is not a National Curriculum subject in its own right. This would also allow schools to use local examples and address issues that

⁴ <http://www.ingforsomethingbetter.com/updates/where-should-we-learn-about-managing-money>

⁵ <http://www.ifsllearning.ac.uk/docs/default-source/ypmi/young-persons-money-index.pdf?sfvrsn=0>

⁶ <http://www.estyn.gov.uk/english/docViewer/200955.3/money-matters-the-provision-of-financial-education-for-7-to-19-year-olds-in-primary-and-secondary-schools-in-wales-june-2011?navmap=30,163>

might be particular to a local community, increasing the relevance of financial education to pupils, which in turn would improve their engagement with the topic.

We do, however, believe that certain elements of financial education – a ‘core’ of skills and knowledge – should be compulsory for schools to deliver. This could be less than what is set out for a National Curriculum subject, but would go some way towards addressing the potential for wide variation in young people’s financial capability upon leaving school. We would be happy to discuss further the specific skills and knowledge that could be included within this.

5. What are your views on the Welsh Government and local education authorities having a statutory duty to ensure financial education is delivered during compulsory education from Key Stage 2 onwards?

A statutory duty to ensure financial education is delivered during compulsory education from Key Stage 2 onwards is a useful backstop to including it as a statutory part of the curriculum.

6. What are your views on imposing a duty on Welsh Ministers to ensure that financial education is taught on a cross-curricular basis in primary and secondary schools and considered as part of any reviews of the curriculum?

We support financial education being taught on a cross-curricular basis in both primary and secondary schools, and believe that a duty on Welsh Ministers to ensure this would greatly improve the likelihood of this happening. However we would stress the need for sustained, ongoing oversight in this, especially in secondary schools. We are mindful of the points raised by Estyn in its *Money Matters* report regarding the low levels of financial education provision mapped across the curriculum in secondary schools, and regular monitoring will be needed, particularly in the first few years, to identify and overcome the challenges around this.

7. What are your views on the Welsh Government being required to formally consult relevant stakeholders and experts when developing curriculum content on financial education?

Formal and meaningful consultation with relevant stakeholders and experts when developing curriculum content on financial education is hugely important to ensure content is accurate, up-to-date, and provides young people with relevant skills for effective financial management. We support placing a requirement on the Welsh Government to do this. The curriculum content for financial education should also be regularly reviewed, to keep it up to date with developments in the sector.

Alongside this, it is vital that the curriculum content is well-communicated to teachers. We believe there should remain a significant role for external specialists to deliver financial education in schools, but it is important as well that teachers fully understand the content and the importance of financial education. This will, we believe, improve their engagement with the topic, as well as help accurate and empowering messages to be reinforced outside of classes in which elements of financial education are being taught.

8. Which persons and organisations should be consulted?

There are a number of organisations that are already involved in delivering financial education to young people in Wales and across the UK, and have a range of expertise in this area. The Money Charity and other organisations in the sector have recently formed the Youth Financial Capability Group, and we would welcome the opportunity to bring our

collective experience of supporting teachers and directly delivering financial education in schools to any consultation on curriculum content. Additionally, organisations that deal with financial capability and personal finance issues more widely such as the Money Advice Service and Citizens Advice Cymru should be consulted.

9. What are your views on making it a duty on Welsh Ministers to review the progress of financial education in schools and to produce an annual report on this?

We support the proposal of a duty on Welsh Ministers to produce an annual report on financial education in schools, and to review its progress - as we discuss below, the role of carrying out these reviews could be delegated to Estyn. Such a duty would ensure that financial education remains a priority as political attention is focused on it, and would provide an important level of oversight, which as we highlight elsewhere in this response, is essential for the aims of this Bill to be achieved and to keep track of the progress made in delivering financial education in schools and identify areas of concern.

10. What are your views on how this duty should be delivered? For example, should this be a required part of Estyn's role in inspecting schools and local education authorities in Wales?

Estyn would seem to be an appropriate body to deliver this duty. It is particularly important that in the first years of a statutory financial education element of the curriculum that this is monitored carefully and regularly – perhaps annually – as it becomes embedded into the curriculum and into schools' way of thinking, so that issues are identified and resolved quickly. Following this, reviews of financial education in schools could be made more infrequent, perhaps as part of occasional thematic reviews, unless significant and widespread concerns are raised.

Equally important is that any review of the progress of financial education in schools goes beyond a descriptive report and makes concrete recommendations for how practice could be improved, as well as monitoring the implementation of those recommendations. If such recommendations are simply made and not implemented there is a real danger that financial education will remain patchy in spite of laudable efforts to the contrary.

11. How appropriate or necessary would it be to require universities and further education corporations to provide information to students about where to get advice about financial management?

We strongly support this proposal. The time during which a student is in further education or in university is arguably the time at which their financial capability is most important, as they gain increasing financial independence, prepare to move into work, and increasingly deal with the reality of money management. At these transition points it is vital that students have access to advice and information about financial management - ideally building upon a solid financial education in Key Stages 2-4.

As with our response to Q1, we also believe that this requirement should complement the provision of financial education at Key Stage 5 for students in further education, and we have already set out the importance of this stage. For students at university, the need for information about financial management is even more acute as they manage their own money to a greater extent. We believe that such information is important for all students, not just those experiencing difficulties. Each year we publish the Student Moneymanual, which provides students with information about student finance and what they can expect to receive, as well as information on financial management such as creating and sticking to a

budget and where to get advice about money. Last year this reached over 300,000 students, helping them to deal with the reality of managing money.

We also believe that the delivery of student finance should as far as possible support effective financial management. This is why we have called for maintenance loans across the UK to be delivered monthly, to shorten the length of time students need to budget for before the next instalment, reducing the risk of overspending, as well as better reflecting how they will be paid when in work.

12. Are there any implications for the autonomy and status (classification) of higher and further education institutions in placing such a requirement on them?

The Money Charity has no view on this.

13. What are your views on requiring each local authority to have a strategy outlining how it intends to promote financial inclusion and the financial literacy of its residents?

Promoting financial inclusion and financial literacy should be at the heart of the services a local authority provides to its residents. We would support a requirement for each local authority to have a strategy outlining how it intends to promote financial inclusion and financial literacy among its residents.

14. What are your views on requiring each local authority's financial inclusion strategy to show how authorities intend to:

- effectively regulate street trading;
- take steps to prohibit cold calling in their area;
- engage with credit unions in their area; and
- promote financial inclusion when buying goods and services?

As we state above, we strongly support the principle of a financial inclusion strategy for local authorities. The suggestions above might well have a positive impact on local areas, although there are undoubtedly other elements of a financial inclusion strategy that could bring considerable benefits to the financial inclusion and financial literacy of people in Wales.

It is essential that any financial inclusion strategy is drawn up in consultation with relevant national and local stakeholders. There is a wealth of expertise across the UK with regards to financial inclusion, and it would be remiss for this to be overlooked. Additionally, local organisations with an interest in financial inclusion – credit unions, third sector organisations involved in financial capability and debt advice, and other relevant members of the community such as banks – should also be consulted.

15. Are there any other things that the strategy should contain in terms of how local authorities promote financial literacy and inclusion?

There will clearly be some elements of a financial inclusion strategy that will be applicable to all local authorities across Wales, but we support local authorities having flexibility to tailor their strategies to local circumstance.

As outlined above, we feel that consultation is essential when determining the content of local authorities' financial inclusion strategies, and we would welcome the opportunity to respond to a more detailed future consultation on this matter.

16. What are your views on requiring local authorities to publish an annual report on how they have implemented their financial inclusion strategy?

We recognise the need for some form of oversight of local authorities' implementation of their financial inclusion strategies, but do not feel able to comment on specific proposals before the content of the strategies is finalised.

17. Should the Bill make any further provision with regard to monitoring or enforcement arrangements in relation to the financial inclusion strategy? If so, what should these provisions look like?

See above response.

18. What are your views on enabling Welsh Ministers to issue guidance to local authorities about any aspect of their compliance with the provisions of the Bill (including the production and implementation of their financial inclusion strategy)?

We support Welsh Ministers being given the ability to issue such guidance.

19. Should the public be able to use online facilities in libraries without having to pay for them, and if so, is it necessary to put this down in law?

Free online facilities in libraries can improve financial inclusion for individuals who would not otherwise have access to the internet, especially with increasing moves by Government and industry towards online payments and financial products. We would point out, however, that free online facilities alone are unlikely to contribute greatly to financial inclusion, particularly for individuals who are not computer-literate.

We do not have a view on whether it would be necessary to put this down in law.

20. Do you envisage any problems that could arise by prohibiting libraries from charging for internet access?

The Money Charity has no view on this.

21. Do you believe there are occasions when the public should be charged for using computers in libraries?

The Money Charity has no view on this.

22. How appropriate or necessary would it be to require local authorities to provide specific financial management advice to those who were formerly looked-after children?

Looked-after children are a particularly vulnerable group that are widely recognised as requiring particular support. We would support a requirement for local authorities to provide financial management advice to those who were formerly looked-after children, but would highlight that this should be tailored, independent advice that takes into account the particular challenges and circumstances faced by care-leavers. This would not necessarily need to be face-to-face advice, nor one-to-one – it should be delivered in a format accessible and useful to its target audience, which could include the delivery of workshops in groups (as we currently do in schools), or through digital channels.

We believe it would be appropriate for local authorities to fund and support access to this advice given that they will have had significant contact with care-leavers throughout their time in care. However, we do not feel that local authorities are necessarily best-placed to deliver such advice themselves – there are several organisations, including ourselves, that have experience of supporting financial management and could contribute to the delivery of financial management advice.

The Welsh Government is currently trialling a scheme to allow some children to stay in foster care past the age of 18, and there have been calls to increase the age at which young people can leave care to 21, as will soon be the case for children in foster care in England. It is important that any duty imposed on local authorities to provide specific financial management advice includes provision to take into account any future changes in the leaving care age.

23. How appropriate or necessary would it be to require local authorities to provide specific financial management advice to individuals seeking assistance on other related matters?

Individuals seeking assistance from their local authority on matters related to financial management should be supported in accessing financial management advice. In this instance we feel that a duty to signpost and support access to advice would be sufficient – this could take the form of advice delivered directly by the local authority, but unlike our recommendation regarding young people formerly looked-after, we do not feel a requirement for the local authority itself to deliver the advice would be necessary.

We agree that individuals seeking advice on the topics outlined in the consultation document should be signposted to relevant financial advice, but are concerned that unemployment is not one of these – the Bill should include this significant financial event alongside housing, homelessness, and debt.

24. Do you foresee any financial implications, in terms of either costs or benefits, for any organisations or persons in relation to the proposals in this document? If so, can you describe and quantify these impacts?

There is no shortage of academic research outlining the significant benefits on health and wellbeing of a better financial position, and some research has found that financial capability itself can have a positive impact on health and wellbeing⁷. To the extent to which these proposals will improve financial education and financial inclusion, therefore, the benefits could be considerable, although this is likely to be difficult to conclusively quantify.

It is, however, also important to recognise that these benefits do not come without costs, and lessons in recent years from both England and Wales clearly demonstrate the importance of funding as well as political will in improving financial capability. The proposals in this consultation have the potential to make a significant positive difference to financial education, inclusion and capability in Wales, and we are very glad that attention is being focused on this, but without sufficient resources for local authorities and third sector organisations that operate in this area it will be a missed opportunity.

25. Are there any other comments that you would wish to make on my proposals, which are not addressed in any of the previous answers?

As we have highlighted throughout this response, getting the implementation of these proposals right is crucial to realising the aims of this Bill, and issues around funding and

⁷ Taylor et al (2011), *Financial capability, income and psychological wellbeing*, Institute for Social and Economic Research

oversight are key. Without sufficient funding for organisations involved in these areas – from local authorities to third sector bodies – there is a severe risk that the laudable aims of this Bill will not translate to improved financial inclusion and education on the ground. And if careful oversight is not established and sustained, it is inevitable that in some areas the provision of financial education and inclusion will inadvertently fall through the cracks, leading to gaps in provision at different schools, or across different local authorities. Both of these entail costs, but are essential to achieving the aim of improving financial education and literacy of Welsh citizens.