The Money Charity response to the APPG on Financial Education for Young People

The Money Charity is the UK's leading financial capability charity.

We believe that being on top of your money means you are more in control of your life, your finances and your debts, and that this, reduces stress and hardship, 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 across the UK to build the skills, knowledge, attitudes and behaviours, to make the most of their money throughout their lives.

We believe financially capable people are on top of and make the most of their money in five key areas:

- Planning (including budgeting)
- Saving
- Debt
- Financial services products
- Everyday money (including wages, cash, bank accounts)

the MONEY Charity

Introduction

1. The introduction of statutory financial education in 2014 was hailed by many, including The Money Charity, as a big victory. There was a sense that this was 'job done'. Now all students would be getting high quality financial education at school that would save many of them from the money troubles that blight too many young lives.

2. Since then however, these high hopes have not been met by reality. Without further leadership and resources for schools to commission outside help or train teachers to meet the new requirements, and with many schools seeing financial education as a low priority compared to examined subjects, not much has changed.

3. There are many schools in the UK providing high quality financial education, often with the help of groups like The Money Charity, Pfeg and Young Enterprise. But the curriculum changes and government action have not managed to scale good practice so every child and young person receives the education they need.

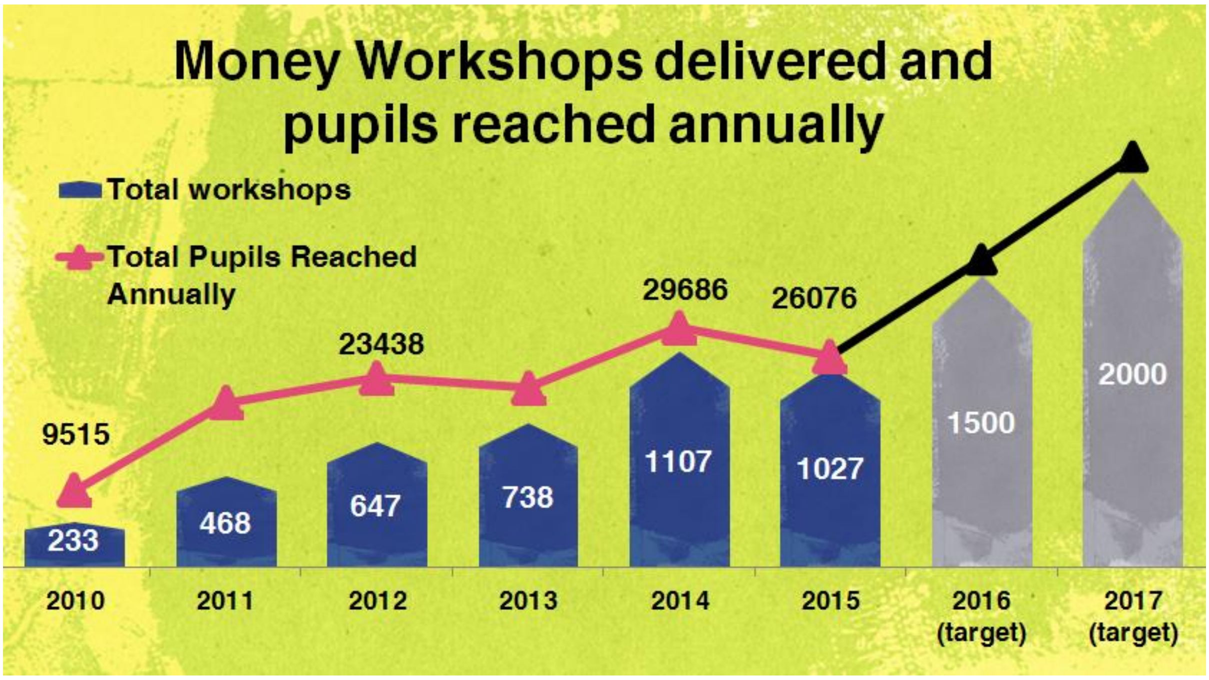
4. In this response, we explore:

   - The strong case for financial education in secondary schools
   - The continuing barriers schools face in providing or commissioning good financial education
   - The importance of The Money Charity's direct delivery model for many schools
   - Recommendations to help schools meet the curriculum requirements.

Q1. How does your organisation support financial education for young people, in particular within schools?

5. The Money Charity delivers financial education in schools in England, Wales and Northern Ireland. Our model is **direct delivery** of financial education in schools - we provide free money workshops to young people in schools and colleges across the U.K.

6. Since the inception of the workshops, we've reached over 133,000 students with our engaging and educational money workshops.



7. More on why we believe direct delivery is a vital part of financial education delivery can be found in our answer to question 4.

Q2. Has the need for young people to understand how to handle money changed over the past four years?

8. Four years is probably the wrong time frame to look at in understanding the changing needs of financial education. Some new technologies like in-app purchases and contactless payment certainly mean that groups like The Money Charity have had to update our teaching materials, but the strategic challenges of financial education have been shaped over a much longer period and are not dramatically different to 2011.

9. Over the past two decades, the interactions children and young adults have with money have changed. Phone contracts, debit cards from aged 11, pre-paid cards from 8 years old, and contactless payment have all added complexity and responsibility to young lives which previously would have operated solely with cash provided and monitored by parents. Children, while unable to access it, have also not escaped the growth in consumer credit, with 68% of 13-17 year olds reporting having seen a payday loan advertisement in the past week[1]. So from an early age they are becoming familiar with financial products which will suddenly become available on their 18th birthday.

10. Many parents (and teachers) will not understand these new products and services, producing a need for education in schools – like that offered by The Money Charity - that is relevant to the financial world students live in.

11. The greater change, however, has taken place in the world that young people leave school into. From the moment they turn 18, young people are able (and encouraged) to borrow, feeding the growing £1.8 billion in outstanding consumer credit[2]. Something in the region of 750,000 young people turn 18 each year. On current trends a third of them will be over-indebted by the time they are 24[3]. On top of this, government policy has been deliberately placing more responsibility onto individuals through policies such as higher tuition fees, Universal Credit (UC) and pension freedoms. In short, young adults face more financial risks and are expected to take greater responsibility than they ever have before.

12. For all the changes to the technologies and freedoms available to children, childhood still represents for most a relatively sheltered financial existence. The huge challenge that financial education needs to address is building the attitudes, skills and knowledge that will be required when the shelter is abruptly removed in young adulthood.

Q3. How effective is current financial education provision in schools across the UK in providing young people with the necessary money management skills required for later life?

13. The effectiveness of financial education in schools is patchy and dependent on school leadership. Diversity of schools in terms of structure, leadership, attainment and pupil intake means that there is no single story to tell about the effectiveness of financial education. But there are examples of success - as a provider of direct delivery financial education workshops in schools in England, Wales and Northern

[1] https://www.cap.org.uk/News-reports/Consultations/Open-consultations/bcap-payday-loans-consultation.aspx#.Vp9wA5qLSM-
[2] http://themoneycharity.org.uk/money-statistics/
[3] http://www.fincap.org.uk/children_and_young_people

Ireland, we believe, and have built evidence to show, that our model works for the schools that use it. More on this can be found in our response to question 4.

14. The problem is not that effective financial education does not exist in schools supported by organisations like Pfeg or delivered by The Money Charity; it is that there are several impediments to scaling provision so that every student in the UK receives good financial education.

    a. **National Leadership:** No national body has taken a clear role championing financial education and supporting its delivery. Hopefully this will change with MAS' new Financial Capability Strategy[4]

    b. **Lack of real incentive:** despite its inclusion in the curriculum, financial education in PSHE or Citizenship is not examined so, particularly for struggling schools, is not seen as a priority (more in Q5 response).

    c. **School leadership:** Financial education is not 'owned' by any department in a school, sitting between maths, citizenship and PSHE. Consequently it only happens if individuals in school leadership drive it as a priority.

    d. **Lack of funding:** Since introduction to the curriculum, funding has fallen, meaning many schools don't have the resources they would need to deliver or commission good financial education.

    e. **Uncertainty about what works:** Though organisations like The Money Charity have independent evaluation, robust comparative analysis of different approaches has not taken place.

15. These problems have not been improved by the introduction of statutory financial education. And the situation has deteriorated with a sense that the job is done undermining national leadership and a squeeze on funding for the sector. As we will explore in our answer to Q5, the introduction of financial education to the curriculum has not had the effect of ensuring high quality financial education is available in all schools across the UK.

Q4. What are the most effective and engaging methods of teaching financial education at primary and secondary level that you have been involved in?

16. There is no known single best method of delivering financial education and there is little robust analysis of which approaches work best. Hopefully MAS' efforts to *'grow the evidence base'*[5] will allow us to know how and where to focus interventions, but in the interim, the challenge is to ensure that the groups working in this sector and schools looking to offer financial education are adequately supported to do so.

[4] http://www.fincap.org.uk/uk_strategy
[5] http://www.fincap.org.uk/uk_strategy

Financial education can only be effective – and we can only research which approaches are most effective – if it is happening.

17. Having said that, years of work in the sector and our independent evaluation have supported our belief that our intervention - direct delivery - works and should be a part of the mix.

Direct delivery

18. It has been highlighted in various research pieces that a lack of subject knowledge and confidence are amongst teachers' main concerns when discussing the obstacles they face in delivering financial education effectively. For example, both Ofsted's 2008 good practice survey on '*Developing financially capable young people'* [6]and the All-Party Parliamentary Group for Young People's Financial Education and the Curriculum's report from 2011 identify this as a key issue.

19. Backing this theory up, many schools who commission The Money Charity tell us they do so because the teacher expertise and confidence is not already there. In reference to the part of our workshop about student finance, one school in Wales recently told us that our workshops were:

    "*a good way of getting the students* ***and the teacher*** *to know about the cost of education in university*."

    With the ever changing technologies children and young people have access to, it is unreasonable to expect that teachers will be able to keep up to date with money trends, so this situation may get worse.

20. Furthermore, teachers are often overworked and facing other school pressures (explored in Q8 below) – so turn to external support to deliver specialist learning.

21. We offer teachers and schools tangible and free support to help them address the issue of a lack of training, confidence and time, whilst still meeting their teaching aims. Our workshops are delivered around school timetables and requirements, making the delivery of financial education as simple and easy as possible for teachers to administer.

22. Our evaluation[7] data suggests that the vast majority of teachers find our workshops well designed and helpful. For example, 96% of teachers who provided feedback on our sessions agreed that they were relevant; 86% agreed they were engaging, and 95% agreed that they were pitched at an appropriate level for students.

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[6] http://bcs.org/upload/pdf/developing-financially-capable-young-people.pdf
[7] http://themoneycharity.org.uk/media/Money-Workshop-Evaluation-update.pdf

23. Evaluation has also shown that The Money Charity's workshops deliver tangible benefits to students. We not only make 96% of students feel that they have learned something new in our workshops, we know that key knowledge and skills that young people will need are being learned:

    a. For Key Stage 4 students, understanding of AER rises from 3% to 61%

    b. Knowledge of the relationship between earning and tax grows from 46% to 73%

    c. Confidence in creating a budget more than doubles across all age groups

24. With all the constraints on schools and teachers' incentives, skills, resources and time, we believe that direct delivery from specialist and experienced outside consultants with tried and tested teaching materials has to be a part of financial education delivery.

Q5. What impact has the introduction of statutory financial education at secondary level since September 2014 in England had on the amount and impact of teaching in this area?

25. Statutory financial education in schools has not had the effect that we and many others hoped it would. To the sector it seemed like there was a *"job done"* attitude and a belief that a few lines in a bill would make a real difference on the ground. Unfortunately, this belief has had little consideration for how schools work or change.

26. On its introduction, PSHE and Citizenship teachers who had not before been asked to teach about finance or received any training in how to deliver such teaching, were required to do so. This came at the same time the DfE was moving away from large-scale, centralised training programmes. There was also no additional funding for schools to bring in outside help such as that offered by The Money Charity. No form of universal, standardised training has been provided to teachers to help them deliver financial education. This is combined with the fact that there is a lack of trained Citizenship and PSHE teachers.

27. Perhaps because of the '*job done*' attitude, funding to the patchwork of third sector providers who do support schools such as The Money Charity has become harder to come by since the curriculum change has been made.

28. In addition to the lack of support offered to schools and teachers to deliver the new elements of the curriculum, little incentive beyond its inclusion on the curriculum was offered. When we speak to schools about why they have chosen us to deliver workshops, they cite the benefit for their students, and very rarely mention the requirement to meet the national curriculum. Were PSHE examined in a GCSE, schools might feel the requirement to deliver financial education more keenly, but our

interactions with schools show that currently the approach of schools to financial education is self-generated by school leaders and teachers.

29. If the assumption was that once financial education was on the curriculum, schools themselves would expend resources to meet the requirement, it has not been borne out. Though additional fundraising has allowed us to increase the number of free workshops delivered, research we conducted with schools last year showed that very few had budgets to pay for something that they see as a strongly beneficial, but optional, extra. In any case, only around 45% of schools are required to follow the curriculum, so even if it were a driver of change in schools, it would still not ensure financial education for many young people.

30. In our experience, the introduction of statutory financial education has had little effect on the ground. The demand from schools saw no spike to meet the statutory obligation. Consequently the appetite for and quality of financial education delivery is inconsistent from school to school.

31. Recommendations for how to address the failure of statutory financial education are explored in our answers to Questions 6 and 8.

Q6. How can teachers be best supported in delivering engaging and effective financial education in schools?

32. With the aforementioned diversity of schooling in the UK, there will never be a one-size-fits-all answer to supporting schools and teachers. There will always be space for outside experts who can deliver highly specialised workshops in schools and for resources for schools that help teachers. Our argument for having direct delivery in the mix of options is outlined in the answer to question 4 above.

33. In a broader sense, teachers and schools need to be supported by:

    a. A curriculum and system of examination that addresses real needs and sees financial capability as a central, and testable, outcome of schooling.

    b. Appropriate resources and funding to support schools to deliver curriculum requirements, either through direct delivery or teacher training.

Q7. Should primary schools place as much a focus on financial education as secondary schools?

34. In recent years, there has been significant focus on early years and primary education, with the belief being that brain plasticity in this period makes learning easier. There is also some evidence that some attitudes towards money are formed by primary school age[8], and skills and attitudes such as the ability to 'defer

[8] http://www.pnas.org/content/108/7/2693.full.pdf

gratification' are well established by the time students enter secondary school[9]. Taken together with some of the changes to financial products available to young children, this does make a case for some degree of financial education at primary level, particularly focused on skills and behaviours rather than on the specifics of, say, bank accounts or pensions.

35. However, learning has to be relevant in order to work. Even with technological changes, children and young people will only begin to become genuinely financially active during the years of secondary school. So it makes sense to bring in teaching of specific skills and knowledge at this stage.

36. Both groups working in the sector and the government also have significant sunk costs in secondary education. Many schools have developed financial education for their students and organisations like The Money Charity, MyBnk and Pfeg with years of experience developing products and services for teachers and students. With relatively scant, and recently diminishing, resources for financial education provision, sharing focus with primary schools would likely result in a further reduction in funding at secondary level. Given that these interventions are still relatively new and have yet to be evaluated robustly, we believe that the current focus on secondary school should remain.

37. Given that the government introduced statutory financial education only 16 months ago, and little progress has been made on the ground, it makes far more sense for efforts to be redoubled in the secondary sector rather than taking up a whole new enterprise.

Q8. How do we ensure that all young people   regardless of social, economic or cultural background   leave education with the ability to understand how to budget? + Q9. Do you have suggestions for how government policy could help ensure that all young people leave education financially capable?

32. Despite being on the curriculum, without being examined, financial education will not be a high priority of every school.

33. We also know that schools with higher proportions of students on free school meals deliver less extracurricular activity and teach a narrower set of subjects[10]. These follow the incentives that are presented to schools. For all OFSTED will assess the delivery of the curriculum, the metric that drives teachers and school leaders are exam results - the attainment of 5 A*-Cs including English and Maths in particular.

34. The introduction of the National Curriculum and GCSE's in the 1980's was designed to ensure access to a core set of learning and make sure that all schools and

[9] https://www.moneyadviceservice.org.uk/en/corporate/habit-formation-and-learning-in-young-children
[10] http://www.demos.co.uk/press-release/free-school-meals-kids-miss-out-on-character-building-extra-curricular-activities/

teachers were accountable to the same standards. Whatever the successes of this have been, it has created a bounded focus where, particularly for schools struggling to achieve the required proportion of students attaining five A*-Cs, that which is examined has priority over that which is not.

35. This focus of attention and resources away from unexamined teaching such as financial education towards subjects that are examined leaves the government with two policies that can help:

    a. Examining financial education or placing at least part of it within an examined subject.

    b. Providing the leadership, funding and resources that ease the burden and improve the outcomes for schools of choosing to deliver serious financial education.

36. As we have argued earlier, where schools are delivering high quality financial education, they are doing it because of good school leadership. However, the uncertainty about which subject (maths, citizenship, PSHE) financial education falls into undermines the chances of there being strong school leadership for financial education.

37. A good contrast to the introduction to the curriculum of financial education is the inclusion of Holocaust education. When the government introduced Holocaust Education to the Key Stage 3 history curriculum, it was very clear which head of department (history) would have to oversee the teacher training and delivery of that. It was also relatively simple to add it to the testing regime. With an obvious champion within each school and clear accountability, it was relatively simple to successfully roll out holocaust education in almost every UK school. Groups like the Holocaust Memorial Trust were also well funded to supply excellent and engaging materials to teachers who were largely already interested in and knowledgeable about the subject. By contrast, financial education does not have that clear leader or accountability, so can far more easily get lost or ignored with each department head assuming it's someone else's responsibility, and teachers are far less confident about the subject.

38. Any serious attempt to ensure all young people leave school with a financial education should seriously take into account the process that schools will have to go through to achieve that end by providing the clarity, incentives and support necessary.

36. As well as ensuring that good financial education happens in as many schools as possible, there are also some groups of children and young people such as those in care or in families with multiple problems who require well-funded and targeted interventions. Often these groups have specific financial challenges and fall into

particular financial problems such as council tax arrears[11], or into debt at higher rates[12] so need interventions beyond generic financial education.

Q10. What is the impact of financial education on later life and ability of young people to fulfil their potential?

37. The impact of financial education on later life needs further study, and we hope that MAS' Financial Capability Strategy will lead that going forward.

38. We know that young people (18 -24) are the most likely group to be over indebted, and MAS research shared with the APPG shows clearly that regrets and depression about money mar significant proportions of young lives[13].

39. We recognise that financial education in schools in not a silver bullet that can completely solve this problem - some young people with access to money and financial products will always make poor choices that they later regret. But we also know that many of those poor choices come from a lack of skills and knowledge about budgeting and financial products, not just youthful recklessness.

40. When Stirling Research, our independent evaluators, ask students who have experienced our workshops whether what they have learned is *'valuable'* to them, between 93% and 95% (dependent on age) say it is[14]. For many children and young people, there simply is not the opportunity to discuss and comprehend what financial products are or how you are supposed to make money work for you. And our evaluation shows that students are receptive and do learn new skills which will serve them well in young adulthood.

41. There will always be financial issues as young people are given the financial freedom of adulthood, but the government and groups like The Money Charity have a duty to ensure that this is not a result of never having tried to impart the skills and knowledge young people need.

[11] http://www.childrenssociety.org.uk/sites/default/files/wolf-at-the-door_council-tax-debt-collection-is-harming-children_PCR027a_WolfAtTheDoor_Web.pdf
[12] http://www.centreforsocialjustice.org.uk/UserStorage/pdf/Pdf%20reports/CSJ_Care_Report_28.01.14_web.pdf
[13] https://53b86a9de6dd4673612f-c36ff983a9cc042683f46b699207946d.ssl.cf3.rackcdn.com/mas_money_regrets_online.pdf
[14] http://themoneycharity.org.uk/media/Schools-Workshops-Evaluation-2015.pdf