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All Party Parliamentary Group on Financial Education for Young People report

Financial Education in Schools: Two Years On – Job Done?

YOUNG enterprise

Secretariat

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Policy Support

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Inquiry Chair Foreword – Suella Fernandes MP

Young people today grow up in an increasingly complex world, with far greater opportunities to spend money and a wider range of financial decisions to make than previous generations. The pace of this change shows no sign of slowing. Many of the changes in the way that money is handled – from the rise of contactless payments to the growth of in-app purchases – have occurred in the past few years alone.

Financial education – as a planned programme of study that equips young people with knowledge, skills and confidence to manage their money well – can play an important role in helping young people to navigate these new financial and consumer landscapes.

Our six month cross-party inquiry has sought to better understand the current impact and effectiveness of financial education in schools: how often it is taught, how well it is delivered, and how we perform as a nation in this area. With the introduction of statutory financial education in English secondary schools in 2014, is it simply a case of 'job done'?

In this report, we argue that much more needs to be done to strengthen the delivery of financial education in schools in England, with provision remaining patchy, inconsistent and varying in effectiveness. Crucially, primary schoolchildren – already forming habits relating to money – must receive age - appropriate lessons in financial education if we are to encourage positive attitudes towards budgeting and saving from an early age and allow them to make the right financial choices in later life.

Many dedicated teachers across the country are already facilitating excellent learning in this area, but there is clear demand for further training and support to help them improve further. Teachers should, in particular, be encouraged to use real-life contexts that young people will experience in their day-to-day lives – such as comparing mobile phone tariffs or calculating interest on a student loan – to engage students to develop their personal finance skills.

There is also a growing need for schools to share best practice in this area, which we believe can be achieved – both within and between schools – by encouraging senior leadership teams to adopt a 'whole school' approach to financial education, as well as introducing a national network of financial education 'champions'. A range of interventions, from direct delivery to pupils and indirect delivery through teacher support, should be promoted as part of this work.

We are grateful to the wide range of organisations and individuals who have provided oral and written evidence to the inquiry, which have helped to inform the findings set out in this report. I'd also like to thank the Money Advice Service for their generous contribution to the costs of the inquiry; Martin Lewis OBE at Money Saving Expert for his funding to allow us to conduct our insightful poll of secondary school teachers; Professor Andy Lymer, Professor Peter Davies and Dr Lee Gregory at the Centre on Household Assets and Savings Management, University of Birmingham for their support in developing the policy recommendations; and my numerous cross-party parliamentary colleagues who took part in the inquiry sessions.

Suella Fernandes MP

APPG Chair Foreword – Mark Garnier MP

This inquiry marks a return to the important subject of financial education in schools, five years on from the APPG on Financial Education for Young People's landmark 2011 report on Financial Education and the Curriculum.

We were delighted that the APPG's efforts helped to secure financial education on the secondary national curriculum in England. This represented a huge step forward for improving the financial capability of young people across the country.

We cannot, however, be complacent. It is clear that many of the intended benefits of this change have not yet been realised. As Chair of the APPG, I – along with my cross-party parliamentary colleagues – believe the time is right to review progress to date and identify ways in which we can help and encourage schools to provide their students with the financial skills required in later life. We hope this report leads to constructive policy change in the months ahead.

I'd also like to put on record my thanks to Suella Fernandes MP for her effective chairmanship of this inquiry, which has helped the APPG to grow from strength to strength in this new Parliament.

Mark Garnier MP

Secretariat Foreword – Michael Mercieca, CEO Young Enterprise

Preparing young people for the financial challenges of later life through effective financial education has the potential to dramatically transform their life chances. At Young Enterprise (home to pfeg[1]), we see this day in, day out in our work with dedicated teachers, schools and young people across the country.

We recognise that parliamentary action is required if we are to ensure that all young people reap the benefits of effective financial education. As one of the largest groups of its type, the APPG on Financial Education for Young People provides a crucial voice for financial education in Parliament, helping to push for important reform in this area.

Young Enterprise is delighted to have the opportunity to play our part in this work by supporting the APPG as its secretariat. We hope that all political parties recognise the benefits that the recommendations set out in this report can have on young people's futures, financial capability and success in life, and will work together to implement these reforms during the course of this Parliament.

Michael Mercieca

1. Personal Finance Education Group (pfeg) merged with Young Enterprise in September 2014

Executive Summary

Understanding how to manage money well remains a key life skill that is required for all aspects of adult life. It allows individuals to make informed financial decisions on a day-to-day basis – from buying products at the supermarket to choosing a new electricity provider – and encourages them to save for their future and any unexpected 'shocks' in their life.

Yet, despite this, the UK still faces a significant financial capability challenge, with young people affected in particular. Those aged 18-24 represent over 20% of the over-indebted population of the UK and a third of young adults find themselves in this situation.[2] The average debt-to-income ratio for 17-24 year olds now stands at nearly 70%.[3]

This problem is reflected across the wider adult population, with many adults lacking the knowledge and skills to thrive in an increasingly complex financial landscape. Four in ten adults are not in control of their finances, with over 21 million families having less than £500 in savings to cover unexpected bills.[4] Around eight million have problems with debt.[5]

We need to start early if we hope to reverse this trend. Schools can, and do, play an important role in ensuring young people develop the confidence and skills needed for managing their own personal finances through effective financial education.

Many teachers recognise the importance of financial education for preparing young people for the financial reality of life beyond the school gates, and there is a clear demand for teaching topics relating to money. However, our inquiry has found that many barriers still remain that prevent this from becoming a reality.

This report takes a pragmatic approach to reform, putting forward a set of constructive policy recommendations that we believe have a realistic opportunity of being implemented. With financial education provision stronger in the Scottish, Welsh and Northern Ireland curriculums, our recommendations are largely focused on English schools and the English curriculum, though we believe the principles that underpin this report can similarly apply to the devolved nations.

Our inquiry has, in particular, focused on four areas of financial education that we believe should be regarded as priority areas for policymakers looking to strengthen financial capability across the country.

Firstly, **strengthening school provision** at both primary and secondary level remains a critical issue. While granting statutory status for financial education in English secondary schools was a welcome step forward, we need to encourage teaching – in both Mathematics and Citizenship – to focus on real-life contexts, such as reading bank statements and paying taxes, supported by effective provision in PSHE.

We also need to start younger and recognise the role that primary schools can, and should, play in familiarising children with money concepts in an age-appropriate manner. Financial education should not be a 'postcode lottery', with some students left out simply due to the school they attend, which is why we recommend that statutory financial education is introduced at primary level.

2. Money Advice Service, Indebted Lives: The Complexities of life in debt, November 2013
3. Citizens Advice, Unsecured and Insecure?, September 2015
4. UK Financial Capability Strategy, October 2015
5. UK Financial Capability Strategy, October 2015

In order to maximise the impact of curriculum time for financial education, these changes must also be accompanied by efforts to **improve teacher confidence and skillset** in this area.

Our own research has found that only 17% of secondary school teachers have personally received, or are aware that a colleague has received, training or advice on teaching financial education. This is despite the fact that 58% would like to receive more training in this area.[6]

With the Government set to introduce a new Initial Teacher Training framework later this year, there is a real need – and opportunity – to ensure that new teachers entering the profession understand the importance of financial education and how to teach it well. At the same time, schools should be encouraged to share good practice on professional development in the subject and appoint a financial education 'champion' to coordinate learning and promote the status of the subject within, and between, schools.

The breadth of evidence we have received from organisations across the financial capability, financial services, education and wider third sector reflects the vast nature of financial education provision.

Action must be taken to **encourage coordination** across the sector, led by a reformed money guidance body with a statutory remit to coordinate and signpost best practice.

We recognise that teachers have a huge amount of responsibility and significant workloads, which is why we should make it easier for them to identify relevant third party financial education interventions available to them through an online portal.

Finally, as we look to introduce these reforms, we recognise that **measuring long term impact** must also be a key priority for policymakers. We need to know which financial education interventions do, and do not, work so that we can best direct teaching efforts towards the most effective initiatives.

While there is much great work being undertaken to highlight this impact in the short term, there remains a clear need to conduct a long-term study to evaluate the wider impact of financial education on young people's life chances. This should be supported by international benchmarking – as part of the OECD PISA evaluation of financial literacy – to ensure that we aren't left behind by our global competitors. Together, these reforms can help to better prepare young people for the financial challenges of later life. Parliament should seize the opportunity to do so, with MPs working together - across parties - to implement the recommendations in this report.

6. APPG on Financial Education for Young People, Poll of Secondary School Teachers in England, March 2016

Summary of key recommendations

Strengthening school provision

The Government should outline its support for financial education as part of its upcoming Life Chances Strategy to help strengthen school provision. We recommend that:

1. Ofsted's Common Inspection Framework should more explicitly address the extent to which schools provide young people with financial knowledge and skills.

2. Statutory financial education should be strengthened in Mathematics and Citizenship at secondary level to better focus on real-life contexts, and extended to Mathematics at primary level. It should also form a central component of the Department for Education's action plan for improving PSHE provision, with schools also encouraged to adopt a 'whole-school' approach to financial education to maximise its impact across all year groups and subjects.

3. While good practice does exist, financial services organisations should ensure they meet the expectations of wider society by prioritising a significant amount of funding to financial education initiatives in schools. Schools should also be encouraged to utilise Pupil Premium funding to further strengthen their focus on financial skills.

Improving teacher confidence and skillset

Teacher confidence is vital if we are to maximise the impact of statutory financial education, yet less than one in five teachers have received training in this area. We recommend that:

4. The Department for Education should embed financial education within the new Initial Teacher Training framework, and schools should be encouraged to learn and share good practice through CPD initiatives focused on financial education.

5. Schools should be encouraged by the Department for Education to appoint a financial education 'champion', ideally a member of the Senior Leadership Team, to coordinate and promote learning and training in this area. A wider national network of such 'champions' should also be introduced to help share good practice more widely.

Encouraging coordination

Given the wide range of providers of financial education, coordination is needed to make it easy for teachers to identify initiatives best suited to their school's needs. We recommend that:

6. HM Treasury should ensure that the proposed new money guidance body – to replace the Money Advice Service – has a remit to coordinate, signpost and identify best practice of financial education. This should include developing an online portal of financial education products offered by external providers.

Measuring long-term impact

We need to better understand what works – and what doesn't – in financial education so that we can improve young people's financial capability skills in the long term. We recommend that:

7. A long-term study on the effectiveness of financial education interventions should be commissioned to better understand the impact on young people's financial capability.

8. The Department for Education should agree for the UK to participate in the OECD's evaluation of financial literacy in 2018 to provide an international benchmark to improve upon.

1. Introduction

APPG inquiry

1.1 The All Party Parliamentary Group (APPG) on Financial Education for Young People is the leading voice on financial education issues in Parliament. With over 200 parliamentary members and a wide range of supporting organisations, the APPG has grown rapidly since its formation in 2011 to become one of the largest of its type.

1.2 This report marks the culmination of the APPG's fourth inquiry into financial education, building on from three influential investigations into financial education a) in schools,[7] b) further education,[8] and c) for vulnerable young people[9] in the 2010-15 Parliament.

1.3 Its success to date has been substantial, with its landmark report in 2011 playing an instrumental role in securing statutory financial education at secondary level in England as part of Maths and Citizenship. This marked a significant step forward in helping to prepare young people for the financial challenges of later life.

1.4 It is, however, clear that the educational, financial and consumer landscapes have changed significantly since the publication of this report five years ago. Concerns also remain that gaps in the provision of financial education continue to exist in the UK.

1.5 In light of this, the APPG decided to revisit the issue of financial education in primary and secondary schools to investigate the extent to which existing provisions have kept up with such developments, the impact of policy developments implemented since the previous report, and what more can be done to better prepare school pupils for financial stability in later life.

Terms of reference

1.6 The terms of reference for the inquiry were to:

- Examine the overall delivery of financial education in schools in England and the devolved nations and identify methods of best practice from each.

- Assess the extent and impact of financial education teaching in England since its introduction on the English secondary national curriculum at the start of the 2014/15 academic year.

7. APPG on Financial Education for Young People, Financial Education and the Curriculum, 2011
8. APPG on Financial Education for Young People, Financial Education in Further Education, 2012
9. APPG on Financial Education for Young People, Financial Education for Vulnerable Young People, 2013

- Highlight examples of best practice from schools across the UK in measuring the impact of statutory financial education.

- Identify how teachers can be supported in delivering financial education in schools across the UK to maximise its impact on young people.

- Examine the importance of early intervention in teaching young people about personal finance and money management.

- Identify policy recommendations aimed at ensuring more young people – from all backgrounds – receive relevant financial education from a young age.

Inquiry process

1.7 We are grateful for the wide range of organisations who have provided their input to the APPG's inquiry process, with 47 written submissions received from the financial capability, financial services, education and wider third sectors. A full list of respondents to the APPG's call for evidence can be found in the appendix. We are particularly grateful to the Money Advice Service for their generous sponsorship of the APPG's inquiry.

1.8 Alongside this written evidence, the APPG commissioned educational research agency EdComs – kindly sponsored by Money Saving Expert – to conduct a survey of secondary level teachers in England to gauge their views on the current delivery and impact of, and importance placed on, financial education in schools. The results of this survey are included throughout this report.

1.9 The APPG also held four oral evidence sessions in Parliament to help further analyse the current state of play in financial education in schools and identify existing barriers to further uptake.
We are grateful to the following speakers who gave evidence at these sessions:

- **Financial education providers:** Michelle Highman (Chief Executive, **The Money Charity**), Guy Rigden (Co-Chief Executive, **MyBnk**), Russell Winnard (Head of Programmes & Services, **Young Enterprise**), David Evans (Founder, **SARN Associates**)

- **Financial and business services providers:** Kevin Jenkins (Managing Director, UK & Ireland, **Visa Europe**), Clive Lawson (Managing Director, **Experian Consumer Services UK & Ireland**), Faye Jordan (Senior Programmes Manager – **LifeSkills, Barclays**)

- **Education sector:** Amanda Szewczyk- Radley (Headteacher, **Edith Neville Primary School**), George German (Assistant Headteacher, **Forest Hill School**), Tracy Edwards (Associate Director of Teaching School, **Swiss Cottage School**), Adrian Lyons (National Lead for Economics, Business & Enterprise, **Ofsted**), Jim Lally (National Adviser, **Education Scotland**), Alison Pask (Vice Principal, Financial Capability, **Ifs University College**)

- **Strategic oversight and third sectors:** Martin Lewis OBE (Executive Chairman, **Money Saving Expert**), David Haigh (UK Financial Capability Director, **Money Advice Service**), Sam Royston (Director of Policy & Research, **The Children's Society**)

1.10 Finally, we would also like to thank Professor Andy Lymer, Professor Peter Davies, and Dr Lee Gregory at the Centre on Household Assets and Savings Management (CHASM)[10] , University of Birmingham, for their work in analysing the written and oral evidence and supporting the APPG in the development of the policy recommendations set out in this report.

1.11 The following Members of Parliament have taken part in the APPG's inquiry panel sessions:

- Suella Fernandes MP – Inquiry chair
- Mark Garnier MP – APPG chair
- Alex Chalk MP
- Marion Fellows MP
- Robert Jenrick MP
- Julian Knight MP
- Steve McCabe MP
- Huw Merriman MP
- Chris Philp MP
- Michelle Thomson MP
- Craig Williams MP

10. Centre on Household Assets and Savings Management, University of Birmingham

2. Financial education: Where are we now?

Importance of financial education

2.1 Children and young people growing up today are exposed to an increasing range of financial decisions, from day-to-day activities such as whether or not to download apps and music online through to longer-term decisions on whether or not to attend university and pay tuition fees.

2.2 Equipping young people with the skills, knowledge and confidence in money matters to navigate these life decisions must remain a key priority across the UK. Financial education – a planned programme of study that equips young people with the knowledge, skills and confidence to manage their money well – can play an important and central role in achieving this.

2.3 It is clear that the financial and consumer landscape in which young people grow up has changed dramatically in recent years, with technological change facilitating their involvement in making financial decisions from an early age and fundamentally changing their concept of money as compared with previous generations.

2.4 Children and young people's interactions with money continues to evolve with these changes, alongside the financial decisions they have to make while still at school. These include:

Opportunities to spend – children are presented with an increasing number of opportunities to spend large amounts of money, including through phone contracts and debit cards (including pre-paid debit cards such as Osper[11] and GoHenry[12] from as young as 8). Many parents also pay their children's pocket money into a digital account, many of which provide digital currencies for games or credit for online stores.[13] These sit alongside the growth of apps that encourage young people to save, such as Experian's Jangle.[14]

How money is handled – while digital advancements present a wide range of opportunities for young people to save, the rapid increase in contactless and online payments is moving us to become a cashless society in which young people do not physically handle cash. 40% of teenagers say that online banking is their preferred method of carrying out financial transactions – up from 28% in 2014.[15] 64% of teenagers regularly purchase items through a mobile device.[16] In effect, this reduces the visibility of money management as well as the importance of traditional cash management approaches.

11. https://osper.com/
12. https://www.gohenry.co.uk
13. Payments Council, 2015, and Intelligent Environments 2015
14. http://www.experian.co.uk/consumer/jangle/
15. Ifs University College, Young Persons' Money Index 2015
16. Ifs University College, Young Persons' Money Index 2015

Exposure to financial products and advertising – while unable to access it, children are still exposed to the growth in consumer credit, with 68% of 13-17 year olds reporting having seen a payday loan advert on television in the last week.[17] This also extends to the online world, where they are often targeted with 'pay to win' games advertising,[18] while high-credit companies continue to have a strong presence on social media. Greater exposure to financial products places young people at risk of fraud, with young people more than twice as likely to fall for online bank scams than their parents.[19]

High stakes financial decisions – in making the transition to adulthood, young people now face a huge range of financial decisions, with government policy increasingly placing more responsibility onto individuals at all stages of their lives. Increased tuition fees, the introduction of Universal Credit and the availability of the Lifetime ISA all present challenges for young people as they enter adult life, requiring knowledge of money and saving to navigate these challenges. At the same time, job and wage prospects for young people remain lower than other age groups.[20] As the Money Advice Service observes, "for many young people, money may be tighter than at other times in the recent past, and so there is less room for making money mistakes in the transition to adulthood."[21]

2.6 These challenges do not dissipate once firmly in adulthood. Wider policy and economic developments continue to reshape the financial landscape, with low interest rates affecting levels of saving and the cost of renting or a mortgage rising significantly. In later life, too, rising life expectancy is resulting in longer retirements – bringing with it associated care and pension costs – while pensions freedoms shift significant financial responsibility to individuals.

2.7 The pace of this change shows no sign of slowing, with many of these developments having not existed even at the time of the APPG's previous report in 2011. Schools have an important role to play in providing children and young people with the knowledge and skills to navigate these changes, as well as an understanding of the financial consequences of their day-to-day consumption and spending.

2.8 The benefits of effective financial education are clear. At an individual level, those who do learn about money in school or college are more confident in their own abilities to manage their personal finances.[22] It empowers young people to make sound financial decisions and investments not only in their personal life but also in employment, encouraging increased productivity and reduced costs. It also fosters a culture of entrepreneurialism, with individuals more confident to set up a business and better attuned to the needs of customers.

2.9 Failure to instil financial capability skills amongst young people, however, brings with it major economic, societal and personal costs. For both the Government and wider society, the stakes could not be higher.

2.10 Young people who do not receive financial education find themselves at higher risk of poor outcomes. Those aged 18-24 are one of the age groups most likely to be over-indebted – representing over a fifth of the total over-indebted population of the UK[23] – and are increasingly involved with problem debt. Recent stats from StepChange Debt Charity have shown that an increasing number of young people are contacting them in need of advice, with 14% of clients now under 25.[24]

17. BCAP Payday Loans Consultation, October 2015
18. Ofsted, Children and Parents: Media Use and Attitudes report, November 2015. One in four 12-15 year olds who play games say they see 'pay-to-win' advertising in all or most games they play, and about a quarter of parents are concerned about their child being pressured to spend money online
19. British Banking Association, New research shows the young are more likely to fall for scams, 1 January 2015
20. Social Mobility and Child Poverty Commission, State of the Nation 2014 Report
21. Money Advice Service, Written evidence to the APPG inquiry
22. Ifs University College, Young Persons' Money Index 2015
23. Money Advice Service, Indebted Lives: The Complexities of life in debt, November 2013
24. StepChange Debt Charity, Stats Yearbook 2015

2.11 For those young people who find themselves in debt, many opt for high-interest credit as a means of alleviating their situation in the short term, only for these to compound their financial difficulties. Citizen's Advice has found that, of those 17-24 year olds in the most serious forms of debt, payday loans accounted for 62% of credit used by them, with only 8% of the 3,000 young people questioned being in debt because of mainstream credit such as overdrafts, bank loans or credit cards.[25]

"With the increase of payday loan and high interest loan advertising on the TV and within social media, young people need, more than ever to be educated on the different types of credit available to them. They require clear instructions and practical examples of the different types of credit to avoid signing up for the wrong type of finance and potentially regretting it later."
Capital One

2.12 Financial worries can have considerable consequential effects for young people's wellbeing and mental health. Research by the Money Advice Service has found that financial capability has significant effects on psychological health, beyond those associated with income or material wellbeing more generally. Moreover, 74% of those over-indebted surveyed by MAS were unhappy with their situation, while 70% often felt anxious because of their debt and 56% reported a negative impact on family life.[26]

2.13 For the most vulnerable young people in society, debt can present additional challenges in improving their life chances. Over half of homeless young people who come to homeless charity Centrepoint are in debt (55%), and of those surveyed 44% said that debt is a barrier to moving out of supported accommodation.[27]

2.14 In the longer term, the effects of years of poor financial education are clear. The 2015 UK Financial Capability survey, conducted by the Money Advice Service, highlighted the sheer scale of the difficulties that many adults across the UK face in terms of savings and debt. 17% of UK adults are now over-indebted, while only four in ten have a savings buffer of at least £500.[28] As of February 2016, personal debt in the UK now stands at £1.47tn.[29]

2.15 If we are to begin to tackle this rising tide of debt, our approach as a nation must shift from cure to prevention. By providing the next generation with the knowledge and skills of how to budget, save and prepare for unexpected costs, financial education can help many young people avoid the problems outlined above – saving them from a world of debt and insecurity, and the taxpayer from the consequential costs of inaction.

Impact of statutory financial education in England

2.16 Financial education has formed a statutory part of the national curriculum at secondary level in England since September 2014, following a successful campaign by the APPG and financial capability organisations.

2.17 This was a welcome step forward. Schools now have a mandate to include financial education lessons as part of Mathematics and Citizenship at Key Stage 3 and Key Stage 4. However, no similar requirement exists at primary level. Academies, free schools and independent schools have no obligation to teach it, though many use provision in the national curriculum as a benchmark for their teaching.

25. Citizens Advice, Generation Y turning to high-cost credit, October 2014
26. Money Advice Service, Indebted Lives: The Complexities of life in debt, November 2013
27. Centrepoint In the red: homeless young people's experiences of debt, 2013
28. UK Financial Capability Survey, 2015
29. The Money Charity, Money Statistics

2.18 Support for financial education amongst teachers remains high. 94% of secondary school teachers responding to our survey agreed or strongly agreed that financial education gives students an essential life skill, and 95% of teachers feel it is important or very important.[30]

2.19 There does, however, appear to be a worrying mismatch between this appetite for financial education and the reality of delivery in the classroom: only 35% of teachers questioned reported financial education being a high or medium priority in their school.[31]

2.20 Many of the organisations that provided evidence to this inquiry expressed concerns about how effective statutory status for financial education had been in driving up the amount and effectiveness of teaching delivered in this area.

2.21 Demand for financial education is still largely seen as being determined by the level of importance that each school places on it – rather than driven by its presence in the national curriculum – effectively making it a postcode lottery for many students. Statutory status, it appears, may have created a mandate for financial education, but is not in itself a driver of change. As Lindsey Appleyard and Karen Rowlingson at the University of Birmingham note, "*putting financial education into the National Curriculum is only a small, first step... just as important is consideration of the content, style and delivery of financial education.*"[32]

"It is arguable that in some ways getting it on the national curriculum was damaging because many people saw it as a job done instead of a job beginning. We are only at the beginning of this."[33]
Martin Lewis (Money Saving Expert)

2.22 These concerns appear to be borne out by our polling results, with only 28% of secondary school teachers believing that their school has put more emphasis on financial education since it became statutory. 42% feel there has been no change in emphasis at all.[34]

2.23 More worryingly, even amongst those teachers tasked with delivering financial education to students, awareness of its statutory requirements remains surprisingly low. Only 59% of those personally involved in teaching financial education – in Maths and Citizenship – were aware it was made statutory in 2014, with this figure falling to just four in ten amongst the wider teaching population.[35]

"It is a very sad situation to see that we have finally got it into the national curriculum, but we seem to have gone into reverse as opposed to improving."
Alison Pask (Ifs University College)

30. APPG on Financial Education for Young People, Poll of Secondary School Teachers in England, March 2016
31. APPG on Financial Education for Young People, Poll of Secondary School Teachers in England, March 2016
32. Appleyard, L & Rowlingson, K 2013, 'Children and financial education: Challenges for developing financial capability in the classroom' Social Policy and Society, vol 12, no. 4, pp. 507-520
33. Martin Lewis, APPG on Financial Education for Young People Evidence Session, 22 March 2016
34. APPG on Financial Education for Young People, Poll of Secondary School Teachers in England, March 2016
35. APPG on Financial Education for Young People, Poll of Secondary School Teachers in England, March 2016

2.24 This gloomy outlook is reinforced by several other research findings published over the past twelve months, which point towards further discrepancies in the level of financial education that young people receive in England. This includes:

- **Overall:** Up to 70% of students are still leaving formal education without ever having received a structured lesson on personal finance.[36]

- **Female students:** Ifs University College's Young Persons' Money Index 2015 found that low levels of financial education were particularly acute amongst female students, with a lower proportion of them reporting that they had received lessons in money management compared to male students.[38]

- **Older students:** At a time of taking on more financial responsibilities and having to make long-term financial decisions, only 28% of 17-18 year olds receive lessons on money management before joining university or the world of work.[39]

2.25 Many parents share similar concerns about the current lack of financial education being delivered to their children. Research from Experian has revealed that 61% of parents believe their children could receive more support about how to manage money well in the classroom, with only 22% having any knowledge of their children being taught any form of financial education in school.[40]

2.26 While some providers of financial education reported an increase in demand for their services since financial education entered the national curriculum – Barclays, for example, have seen an increase in teachers downloading their lesson plans – many organisations have seen little to no change in the take-up of their content, programmes and support.

2.27 Ofsted itself conceded that statutory status has, so far, had little impact in terms of 'on-the-ground' delivery:

> **"Our evidence is it probably has not made much difference in secondary schools. It is patchy. It is rare to speak to a headteacher who does not think it is important, but whether it is important enough for it to be done particularly effectively varies enormously from school to school."**
> **Adrian Lyons (Ofsted)**

2.28 Despite much promise, then, the financial education landscape has not undergone the sudden transformation in schools that many people – charities, corporate organisations and politicians alike – had hoped that statutory status would provide. It is, by no means, a case of 'job done'. We explore why this may be the case later in this report, and offer suggestions for strengthening financial education in the coming academic years.

36. Ifs University College, Young Persons' Money Index 2015
38. Ifs University College, Young Persons' Money Index 2015
39. Ifs University College, Young Persons' Money Index 2015
40. Experian, Research for launch of Jangle app, February 2016

Financial education in the devolved nations

2.29 Personal finance education already forms a part of both the primary and secondary national curriculums in each of the devolved nations, with established frameworks for study.

2.30 This stands in stark contrast to England, where financial education is a new aspect of the national curriculum. Given this recent change – and continued stronger provision in the devolved nations – our conclusions and recommendations are largely aimed at English schools, the national curriculum in England and the Westminster Government.

2.31 Nevertheless, we hope that this report provides a stimulus to the devolved administrations to conduct a similar review of financial education in their respective areas to help strengthen it further.

Scotland:

2.32 Scotland's Curriculum for Excellence recognises the importance of building financial capability in all young people in Scotland and provides opportunities for schools to adopt a cohesive, planned and co-ordinated approach to financial education that works across the school's curriculum.

2.33 Education Scotland provides guidance and support for teachers through a dedicated financial education section on its website.[41]

2.34 The four aspects of financial capability in the Scottish provision are:

- Financial understanding – having the knowledge and skills required to deal confidently with everyday financial issues.
- Financial competence – the ability to apply knowledge and understanding of financial matters across a range of contexts.
- Financial responsibility - having a caring and responsible disposition with regard to the use of financial resources.
- Financial enterprise – ability to deploy resources in an imaginative and confident manner, such as knowing how to choose the most suitable forms of spending and saving.

41. Education Scotland, Learning and Teaching: Financial Education

Wales:

2.35 In Wales, financial education has been embedded within the basic (statutory) curriculum since 2008, forming aspects of the curriculum at primary and secondary level. This is principally in mathematics, where 'manage money' is an identified element of 'using numbers'. In addition, specific elements of financial education have been included in the 'Personal and Social Education' and 'Careers and the World of Work'.

2.36 Building on this, the Welsh Government introduced a new, second Mathematics GCSE in 'numeracy' in September 2015. This is designed to build on the levels of numeracy expected under Wales' Literacy and Numeracy Framework, and includes aspects of financial literacy and tests students in the context of personal and household finance mathematical problems.

2.37 In 2015, the Welsh Government accepted all the recommendations made by the Donaldson Review[42] on reform of the Welsh school curriculum. This represents a significant move towards a thematic – rather than subject – based curriculum, formed around six areas of learning: expressive arts; humanities; health and wellbeing; languages, literacy and communication; mathematics and numeracy; and science and technology. It is not yet clear where financial education will fit in to this new curriculum structure.

Northern Ireland:

2.38 The Northern Ireland curriculum aims to empower young people to achieve their potential and to make informed and responsible choices throughout their lives. Financial education is divided into three connected themes – financial knowledge and understanding, financial skills and competence, and financial responsibility.

2.39 Financial education is part of the primary and secondary curriculum in Northern Ireland, and is an element of both mathematics and personal development. Support for teachers is offered by a micro-site developed by the Council for the Curriculum, Examinations and Assessment (CCEA).[43]

Wider political landscape

2.40 The APPG has conducted its inquiry at a time of increased political focus on economic and social reform from the Government. One year on from the 2015 General Election, improving families' financial stability and resilience has risen up the political agenda, as too has the need to better prepare young people for the challenges and opportunities of later life.

2.41 In January 2016, the Prime Minister set out a range of measures aimed at improving young people's life chances, announcing that a 'Life Chances Strategy' will be published later this year.[44]

42. Successful Futures: Independent Review of Curriculum and Assessment Arrangements in Wales, February 2015
43. Northern Ireland Curriculum, Financial Capability
44. Prime Minister, Speech on Life Chances, January 2016

2.42 We welcome the Prime Minister's recognition that "saving is a habit that that should start early"[45] and the extension of the Church of England and Young Enterprise's LifeSavers project as part of this agenda, which allows young people in primary schools to set up their own savings club with the support of teachers and local credit unions.[46]

2.43 Many of the measures emanating from the early phase of the 'life chances' agenda appear to set a framework for saving, most notably through the introduction of the 'Lifetime ISA' and 'Help to Save' schemes in the 2016 Budget.[47] These represent a real opportunity for young people to save for the future, but require a level of financial understanding that a significant proportion of young people often lack. Successful uptake and utilisation of such schemes will only be achieved if matched by a similar committed focus on financial education in schools. Wider policy developments aimed at encouraging greater individual responsibility in spending money – including pension freedoms and Universal Credit – also reflect the need for a long-term focus on financial education.

2.44 At the same time, the Government has also identified character education as a key priority in its approach to developing young people into well-rounded individuals prepared for the world of work. In addition to placing character skills at the heart of its strategy for 2015 - 2020,[48] the Department for Education has provided Character Awards for schools and Character Grants for organisations to expand existing good practice. Its Educational Excellence Everywhere White Paper also places a significant focus on how education equips children "with the knowledge and character necessary for success in modern Britain."[49]

2.45 It is expected that the Life Chances Strategy will outline further how the Government intends to progress its work on character. Financial education – with its focus on ensuring young people become more financially resilient – can play a key role in this agenda.

2.46 Together, these political developments both incentivise the need for financial education from an early age and represent a real opportunity for the Government to firmly place its support behind financial education as a vehicle for achieving many of its aims in these areas.

2.47 Recommendation: The Government should outline its support for financial education as part of the upcoming Life Chances Strategy, highlighting the role it can play in helping to transform the lives of young people from all walks of life. It should place primary responsibility for financial education in Government with the Department for Education, with close input from HM Treasury where relevant.

2.48 This will help to provide significant political impetus for financial education in England, signalling the Government's commitment to helping more young people to learn how to save, budget and manage their personal finances, and providing a context for further strengthening financial education throughout the course of this Parliament.

45. Prime Minister, Speech on Life Chances, January 2016
46. Young Enterprise (pfeg), LifeSavers
47. HM Treasury, Budget 2016
48. Department for Education, Strategy 2015-2020: World-class education and care, March 2016
49. Department for Education, Educational Excellence Everywhere, March 2016

Structure of the report

2.49 We have heard from a wide range of organisations about the current state of play in financial education in school and the barriers that remain for maximising its potential.

2.50 Our report is based around four separate, but interlinked, themes that have emerged during the course of the inquiry that we feel deserve greater attention if we are to strengthen provision and effectiveness of financial education:

- School provision and position within the curriculum;
- Teacher support and training;
- Coordination of financial education provision; and
- Measuring long term impact.

3. Strengthening school provision

Role of curriculum

3.1 Financial education, for many years, did not explicitly feature in any part of the national curriculum in England.

3.2 Its introduction to the secondary curriculum in September 2014 as part of Mathematics and Citizenship was hailed as a game-changing moment in the wider pursuit to prepare young people for the financial challenges of later life – but what role can the curriculum really play and has financial education yet found its natural subject 'fit' within it?

3.3 We heard from a number of organisations that the dramatic increase in the number of academies and free schools in recent years – who are not required to follow the national curriculum – has limited the uptake and impact of financial education in England, with less than half of all secondary schools obliged to teach financial education.

3.4 The Department for Education's recently published White Paper, Educational Excellence Everywhere, has pledged to extend this policy, with an ambition to see all schools become academies in the next six years.[50]

3.5 While we recognise that this has the potential to have an impact on the level of financial education delivered to students, this is not reflected in the results of the APPG's teacher polling, with no discernible difference in the priority given to financial education being reported between academies and maintained schools.[51]

3.6 With the national curriculum regarded as 'an ambitious benchmark that autonomous academies can use and improve upon"[52] it is also likely that academies will continue to look to the curriculum as a 'starting point' in planning their programmes of work. Academies area also still required to offer a 'broad and balanced curriculum. The national curriculum will, in our view, will continue to play an important role in shaping what will be taught in the classroom, and so it remains vital that financial education is a strong aspect of it.

3.7 Ensuring that financial education is taught in the most appropriate subject – or subjects – within the curriculum is, in turn, a significant priority. This was, unsurprisingly, a much discussed and contested aspect of our inquiry and remains one of the most challenging policy issues relating to financial education.

50. Department for Education, Educational Excellence Everywhere, March 2016
51. 40% of maintained schools place a 'high' or 'moderate' priority on financial education versus 36% for academies. 93% of maintained schools regard financial education as 'important' or 'very important' versus 97% of academies. APPG on Financial Education for Young People, Poll of Secondary School Teachers in England, March 2016
52. Department for Education, Educational Excellence Everywhere, March 2016

3.8 Views on where it should be located within the curriculum varied significantly between those organisations who gave evidence to the inquiry, with a wide range of suggestions made to the APPG.

3.9 Below we examine the case for including financial education in three of the main subjects that were proposed to the inquiry panel: Mathematics, Citizenship and PSHE.

Mathematics

3.10 Under the current national curriculum, since 2014 secondary schools are required to teach financial education within Mathematics. Its programme of study, set out below, outlines how it appears within the curriculum:

Pupils should be taught to:

- *Develop their use of formal mathematical knowledge to interpret and solve problems, including in financial mathematics (Key Stage 3 & 4)*
- *Solve problems involving percentage change, including: percentage increase, decrease and original value problems and simple interest in financial mathematics (Key Stage 3).*[53]

3.11 Throughout the course of our inquiry, concerns were raised about whether Mathematics was the most appropriate place for financial education to be taught.

3.12 Several witnesses suggested that, as it currently stands, this does not provide young people with the knowledge and skills to manage their money, with the 'personal' aspect of finance lost in favour of a focus on the mechanics of mathematical equations.

3.13 This is reflected in the content of exam questions in this area. Take, for example, the recent GCSE Mathematics exam question that features a calculation on issues relating to money: "A price is decreased by 27%. The new price is £1138.80. Work out the original price."[54] In preparing for such questions, teaching inevitably focuses on helping students to develop knowledge of calculating percentages, while arguably having little impact on their understanding of personal finance. Adding a pound sign to a Mathematics question does not, in itself, develop young people's money management skills.

"I believe what maths teachers are doing is using money examples but without giving any context as to what they really mean, without making them on a contemporary basis, and, ultimately, all that does is aid people in working out percentages and working out the maths."
Martin Lewis (Money Saving Expert)

3.14 Our teacher polling also revealed a surprisingly low level of delivery of financial education amongst secondary level Mathematics teachers, with only 52% stating that they taught financial education – despite it being a statutory part of their subject. Many also believe that it should not fall under their subject remit, with only 55% agreeing it should form part of Mathematics, as compared with 60% who believe it should be taught in PSHE.[55]

52% **of secondary level mathematics teachers taught financial education**

APPG on Financial Education for Young People, Poll of Secondary School Teachers in England, March 2016.

53. Department for Education, National Curriculum: Secondary Curriculum
54. AQA, GCSE Mathematics – Unit 01 Statistics and Number (Higher), November 2015
55. APPG on Financial Education for Young People, Poll of Secondary School Teachers in England, March 2016

3.15 Nevertheless, several witnesses also suggested that Mathematics offered a strong subject avenue to deliver financial education and was increasingly fulfilling its potential to do so.

"What has developed massively is the maths curriculum to do with the decision-making part of maths, which has become a lot heavier, and also the requirement for more financial education has meant from seven to 11 there is more of a focus on financial education."
George German (Forest Hill School)

"Certainly within mathematics, there has been quite a significant move. I think maths teachers have taken the opportunity to put real, relevant contextualised problems around maths and to frame it better."
Russell Winnard (Young Enterprise)

3.16 Ensuring that financial education forms a practical part of Mathematics – in which young people learn maths and finance skills through real-life scenarios such as how to pay a bill or calculate the interest on a bank statement – would represent a significant step forward in strengthening provision in this area. This would parallel current provision in Wales, where 'manage money' forms an element of 'using number skills' in its Literacy and Numeracy Framework.

CASE STUDY: Young Enterprise (pfeg) London Lead Teachers project: [56] Young Enterprise's 'London Lead Teachers' programme sought to increase engagement and attainment in Mathematics at Key Stage 3 and 4 by using real-life personal finance scenarios as a context for learning. Participants took part in a series of workshops and received direct in-school support from their team of consultants to help them integrate financial education into specific lessons. An evaluation of the impact of its intervention with students within the test group (who had been taught by teachers supported by the programme) found that they improved their attainment in mathematics by 21% since the start of the programme, compared with improvements of only 3% in a control group.

3.17 This 'real-world' approach, where activities are related to the specific experiences that young people face, or will shortly face, on a day-to-day basis, was highlighted by a number of providers of financial education as central to their overall approach.

3.18 We believe that schools should be encouraged to replicate this model within Mathematics, which will help to better engage students with financial literacy topics and, in turn, improve their attainment in the subject.

3.19 Recommendation: The Department for Education should introduce a specific 'managing money' strand to the programme of study for secondary level Mathematics to ensure it is taught in the context of real-life scenarios. Ofsted should also give a clear steer that this 'real-world' approach is what is expected of schools.

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56. Young Enterprise, London Lead Teachers

Citizenship

3.20 Maintained secondary schools in England are also required to teach financial education as part of Citizenship at Key Stage 3 and 4. The subject's programme of study, set out below, outlines how it appears within the curriculum:

Purpose of study:

- *It [Citizenship] should also prepare pupils to take their place in society as responsible citizens, manage their money well and make sound financial decisions.*

The national curriculum for citizenship aims to ensure that all pupils:

- *Are equipped with the skills to think critically and debate political questions, to enable them to manage their money on a day-to-day basis, and plan for future financial needs.*

Pupils should be taught about:

- *The functions and uses of money, the importance and practice of budgeting, and managing risk. (Key Stage 3).*

- *Income and expenditure, credit and debt, insurance, savings and pensions, financial products and services, and how public money is raised and spent. (Key Stage 4).*[57]

3.21 As with Mathematics, concerns were raised by a number of witnesses about the suitability of Citizenship as a subject in which financial education is taught. Several respondents regarded it as "ineffective"[58] and "not being delivered as we expected it to be"[59], whilst the low uptake of Citizenship at GCSE level was also seen as a restriction to engaging more young people with financial education.

3.22 Ofsted itself noted that while Citizenship "has been part of the national curriculum for a long time, it seems to have almost disappeared in reality from the curriculum."[60] Ifs University College and MyBnk argued that there was a similar absence of questions relating to personal finance within Citizenship qualifications and exam papers.

3.23 Despite this, our own poll of teachers revealed that Citizenship is currently regarded by teachers as an appropriate subject for financial education to be taught within, with 50% identifying Citizenship as a space in the school timetable in which it should be delivered. 75% of Citizenship teachers said they were currently personally involved in teaching financial education.

75% **of Citizenship teachers teach financial education.**

APPG on Financial Education for Young People, Poll of Secondary School Teachers in England, March 2016.

57. Department for Education, National Curriculum: Secondary Curriculum
58. Ifs University College written submission to the APPG inquiry
59. Russell Winnard (Young Enterprise), Evidence to the APPG inquiry, February 2016
60. Adrian Lyons (Ofsted) evidence to the APPG inquiry panel

3.24 While we accept that there are limitations to the effectiveness of Citizenship as a vehicle for financial education – not least in terms of its uptake and status – we nonetheless feel that its focus on the ‘public’ aspects of finance provides an important complementary role to the more ‘personal’ aspects of financial education that can be delivered in other subjects. It remains important that young people understand the role of public money – from taxation to pensions – and their role within it.

3.25 With the Government pledging to review the national curriculum’s Citizenship programme of study as part of its White Paper on educational excellence[62], there is a risk that these important aspects of the subject will be removed, with no relevant replacement found for the financial education topics it currently covers. Not to do this will perpetuate the skills and attainment gap.

3.26 Recommendation: The Department for Education should reaffirm its commitment to financial education as part of Citizenship in its upcoming review of the subject, so that young people better understand the function and use of money in the modern world.

PSHE

3.27 Many respondents to the inquiry suggested that Personal, Social, Health and Economic (PSHE) education – with a strong economic strand emphasising personal finance – would be the best fit for financial education, allowing teachers to tie the subject in to the individual circumstances of students and focus on the ‘value’ of money.

3.28 As it currently stands, there is no specific programme of study for PSHE at either primary or secondary level – effectively making the subject non-statutory – although the national curriculum does require schools to ‘make provision’ for PSHE education.

3.29 Schools also regard PSHE as the most suitable fit for financial education, with 62% of teachers the APPG polled agreeing that it should be delivered within this subject – more than any other area of the school timetable. 90% believed that at least some of the financial education topics currently taught within PSHE should be made statutory.

62% **of teachers agreed that financial education should be taught within PSHE**

APPG on Financial Education for Young People, Poll of Secondary School Teachers in England, March 2016.

61. Department for Education, Educational Excellence Everywhere, March 2016

"We believe that PSHE education is a natural home for financial education, complementing learning in other subjects such as Maths and Citizenship. Financial decisions are inextricably linked with other issues, from emotional health to employment, which are covered in PSHE."
PSHE Association

CASE STUDY: ASDAN: [62]
ASDAN produces a wide range of curriculum materials that support, structure and accredit financial education. Free teaching resources are also available to our members from its Online Resource Bank.

The purchasable materials have been updated since the introduction of the requirement to teach Financial Education in September 2014, with several relevant to PSHE, including:

- Extension of the financial content of its PSHE Short Course with a re-titled Economic Responsibility Module (2015)
- Additions to the Personal Finance Module in Key Steps (2016) which provides activities to address the Key Stage 3 curriculum requirements of Citizenship and PSHE.

3.30 Despite statutory status for PSHE backed by four leading parliamentary select committees[63] – alongside 87% of parents and 90% of young people[64] – the Government has been clear that it does not intend to implement this. It is, instead, working with a group of leading headteachers and practitioners to produce an action plan for improving PSHE provision, which will include a comprehensive PSHE toolkit for schools.[65]

3.31 We accept that the political reality is that statutory status for PSHE education is not on the Government's agenda, and is unlikely to be granted such status during the course of this Parliament.

3.32 Nevertheless, PSHE can – and does – play an important role in providing young people with the knowledge and skills of how to handle money: the important 'personal' aspects of financial education that Mathematics and Citizenship are unable to cover in as much depth. This should be accompanied by a similarly strong emphasis on enterprise education so that, together with financial education, PSHE encourages students to budget, save and grow their money.

3.33 Recommendation: Financial education should form a central component of the Department for Education's action plan for improving PSHE provision to help strengthen young people's ability to budget and save according to their personal circumstances.

Financial education at primary level

3.34 While it is increasingly accepted amongst policymakers that there is a need to provide young people with an understanding of money management, there has to date been little focus on how to deliver this in primary schools.

3.35 As it currently stands, there are no requirements on primary level schools to provide any form of financial education to their students. This effectively means that some children do not learn about the importance of money, budgeting and managing risk until 11 years old, despite the fact that research for the Money Advice Service has found that money habits are formed by the age of seven.[66]

62. https://www.asdan.org.uk/
63. Education Committee, Chairs' Letter to the Secretary of State on statutory status for PSHE
64. PSHE Association, PSHE Pledge
65. Department for Education, Educational Excellence Everywhere, March 2016
66. Money Advice Service, Habit Formation in Young Children, May 2013

3.36 Many primary schools do provide engaging and effective financial education initiatives, with Ofsted's 2011 survey on financial capability finding that 16 of the 23 schools they visited were rated 'good' or 'outstanding' for enterprise education, achieved in part by ensuring that pupils gained a good understanding, relative to their age, about money.[67]

"In primary schools there is often a lot of really good imaginative work going on. That often seems to get stifled when pupils get to secondary school."
Adrian Lyons (Ofsted)

3.37 The cross-curricular nature of teaching at primary level lends itself well to integrating financial education across various subjects, giving teachers the flexibility to introduce financial concepts to their pupils' lives in a wide range of engaging ways. As these schools often have particularly close links with parents – with teacher-parent meetings taking place on a regular basis – there are also greater opportunities for intergenerational learning of financial education at primary level.

CASE STUDY: Edith Neville Primary School:[68]
Financial education at Edith Neville Primary School in Camden, London, is built into the curriculum at all stages from nursery to Year 6. Children experience a range of engaging and real-life learning opportunities through a diverse range of cross-curricular activities.

As part of this work, the school was turned into 'The Town of Edith Neville' for two days in 2015:

- On the first day, children were paid for every five minutes they worked on one of the workstations and factories set up, recorded on time sheets and later converted into credit on 'Edith Neville debit cards'. Crucially, children were given complete freedom to do as much or as little work as they chose.
- On the second day, the town was transformed into a marketplace set up with shops, cafes and leisure activities, and the children were able to spend their earnings on this day. It soon became apparent to them that the effort and work they had put in the day before to earn their wages had a significant impact on what they could afford to pay for.

The project engaged students from across the primary school in financial education and helped to deliver teaching on money matters in a real-life context, encouraging the children to become independent and financially responsible individuals.

3.38 There was a broad consensus during our inquiry that primary schools can and should play an important role in delivering financial education, with many suggesting that statutory status should be extended to primary level to ensure consistency of provision and enable all students to reap the benefits it offers in later life.

"Financial education is important at both stages of the education system… It's important that individual schools interpret and internalise the concept of financial education for themselves; in this way primary schools may place as much emphasis on financial education as secondary, but it may look quite different."
Schools, Students and Teachers Network

3.39 Teachers are also in agreement on this issue: 66% of those polled by the APPG agreed that financial education should start in primary school, with a similar proportion agreeing that it would be helpful for students to arrive in Year 7 with some understanding of financial matters.[69]

67. Ofsted, Economics, business and enterprise education, June 2011 68. http://www.edithneville.camden.sch.uk/
69. APPG on Financial Education for Young People, Poll of Secondary School Teachers in England, March 2016

3.40 We welcome existing good practice by some primary schools on teaching issues relating to money management. However, with the Money Advice Service noting that "very few interventions are being delivered in primary schools"[70] across England, we are concerned that many primary level students are missing out on vital financial capability skills from a young age.

"We care hugely about literacy and numeracy levels in primary schools. Why on earth do we not we care about whether kids are learning delayed gratification, saving and shopping around for the best deal?"
Clive Lawson (Experian)

3.41 We should not tolerate a system in which only a minority of children – shaped by their families' financial habits – are afforded the opportunity to learn how to budget and save. If we are to ensure consistency of provision and reach children from all backgrounds, including those from lower income backgrounds, we believe that statutory status for financial education at primary level is required.

3.42 Recommendation: The Department for Education should make financial education statutory at primary level as part of Mathematics, and encourage primary schools to also teach it as part of improved PSHE provision so that children have access to age-appropriate financial education early.

Ofsted inspection framework

3.43 We heard from a number of witnesses that the current inspection framework for schools also provides an opportunity to further strengthen the provision of financial education.

3.44 Ofsted's current Common Inspection Framework,[71] which sets out the principles that apply to school inspections, does not place a focus on specific subjects or topics within them, and as such financial education does not form part of any inspections in England despite its statutory status at secondary level.

3.45 Where schools are delivering effective financial education, they will often bring this to Ofsted's attention – which Ofsted itself, during the course of the review, recommended schools to do.

3.46 Currently, Ofsted make graded judgement on schools in four areas using a four-point scale. Of most relevance to financial education is 'personal development, behaviour and welfare'.

3.47 However, while the guidance offered in the framework notes that judgements will be made in this area on the basis of providing students 'careers advice and guidance', 'employability skills' and 'knowledge of how to keep themselves healthy' among others, schools do not have to demonstrate how they prepare students for the financial challenges of later life.

70. Money Advice Service, Written evidence to APPG inquiry
71. Ofsted, Common Inspection Framework, September 2015

“Ofsted institutional inspection reports in recent years contain very little evidence on financial education so it is not clear what the current state of play is nationally.”
Economics, Business and Enterprise Association

3.48 We welcome Ofsted’s current review of ‘enterprise, employability and employer engagement’ – which will include a focus on financial education – and look forward to the publication of its findings later this year. We similarly welcome Ofsted’s committed actions to follow on from their review, with the development of a training package for inspectors to help encourage them to look more closely at financial education.[72]

3.49 This would be a useful step forward, but we believe that Ofsted can, and should, go further to help improve the quality and amount of financial education delivered in schools.

3.50 Recommendation: Ofsted should update the Common Inspection Framework to more explicitly address the extent to which schools provide young people with financial knowledge and skills.

Whole school approach

3.51 While statutory status on the curriculum is seen as a necessary prerequisite for financial education receiving appropriate time and seriousness in schools, several organisations who inputted into the inquiry highlighted the role that ‘whole school’ approaches can have in enhancing the effectiveness of such provision.

3.52 Under a ‘whole school’ approach, all teachers are aware of their role in supporting financial education and embed it within their subjects where appropriate. This helps to cement the role of financial education across the school, as well as structuring and combining statutory provision and one-off interventions from third party providers into a more coherent financial education journey.

“It is generally recognised that a whole-school approach is required for financial education to work effectively. Financial education needs to be embedded across the curriculum to ensure [that it] isn’t seen in isolation from other subjects. This will help students to see its importance as a skill for life.”
CISI

3.53 There was a broad consensus during our inquiry that primary schools can and should play an important role in delivering financial education, with many suggesting that statutory status should be extended to primary level to ensure consistency of provision and enable all students to reap the benefits it offers in later life.[73]

CASE STUDY – Young Enterprise Centre of Excellence programme:[74]
Supported by a number of organisations including Experian and Santander, the Centres of Excellence programme helps primary and secondary schools to develop a whole school improvement framework: a set of national professional standards through which excellence in financial education is achievable and exemplary. Each school has a financial ‘champion’, a member of its own teaching staff with day-to-day responsibility for planning and driving quality financial education, who helps to implement a cohesive teaching and learning programme across the school. This ‘champion’ is encouraged to forge links with other organisations locally and showcase its work to inspire other local schools and colleges.

72. Adrian Lyons (Ofsted), Evidence to APPG inquiry in Parliament, 8 March 2016.
73. Young Enterprise (pfeg), Centres of Excellence.
74. Young Enterprise (pfeg), Centres of Excellence.

"[A whole school approach] is absolutely vital because part of what you are doing is trying to build on the skills and the understanding of children, so if you only have one member of staff or one person who is following through or only in one area, you are not really embracing the potential and the whole understanding that the child has through this way of delivering it."
Amanda Szewczyk-Radley (Edith Neville Primary School)

3.54 While we believe that the primary focus of policymakers should be on strengthening the statutory standing of financial education in existing subjects, there are clear benefits from ensuring that schools integrate financial education across their entire activities. The 'whole school' approach offers a sustainable model for financial education in schools, helping to develop synergies between direct and indirect interventions and strengthen the status of the subject within individual schools.

3.55 We recognise that developing such an approach requires significant time and effort to deliver, which is why schools should be incentivised and rewarded for good practice. An awards scheme should be launched to identify, recognise and celebrate those who lead in the field of financial education – in particular those who excel in a 'whole school' approach – with winners receiving a financial reward to expand their work in this area. This scheme could be based along similar lines to the Government's current Character Awards initiative.[75]

3.56 Recommendation: The Department for Education should encourage primary and secondary schools to adopt a whole-school approach to financial education to maximise its impact across all year groups

Qualifications in financial education

3.57 Stand-alone financial education qualifications also exist for both students and teachers in schools, aimed at improving their financial capabilities and understandings of financial matters. These are taught separate to the statutory financial education set in Mathematics and Citizenship at secondary level in England.

3.58 Several respondents to the inquiry offer these qualifications, most notably ifs University College and CISI. During the course of the inquiry, we heard support from other organisations for the provision and further development of such qualifications, with Ofsted noting that "the ifs [University College has introduced a formal teacher training qualification and although Ofsted has not inspected this and so cannot comment on its quality, it would seem to be a potentially very positive step if scaled up."[76]

CASE STUDY – ifs University College qualifications:[77] ifs University College provides a suite of accredited qualifications in financial education at levels 1,2 and 3 (equivalent to GCSE and A-level), helping to ensure that young people leave school for the next stage of their lives equipped with the skills and understanding to manage their own finances.

All resources are provided online with all students having their own login and on demand examinations, providing flexible courses that can be delivered in a combination of ways. Results also feed in to performance and attainment tables. The qualifications are designed for pupils aged 14-18 and can potentially lead to further study of banking and finance related subjects at undergraduate level.

In addition to the qualifications themselves, ifs University College also offers the UK's only financial education teaching qualification – the Postgraduate Certificate in Teaching Financial Capability (PGCTFC) – which enables teachers and their schools to enhance their professional standards and demonstrate their commitment to developing financially literate students, as well as providing a career path for teachers who want to specialise.

75. Department for Education, Awards launched for schools best at instilling character, April 2016
76. Ofsted, Additional written evidence to the APPG inquiry, March 2016
77. http://www.ifslearning.ac.uk/

3.59 We believe that there is evidence that financial education qualifications can have a role to play in strengthening the financial knowledge and skills of both students and teachers alike. Further consideration is, however, required to better understand their effectiveness and how they fit alongside current statutory financial education provision.

3.60 Recommendation: Ofqual should introduce a review of financial education qualifications for both pupils and teachers, to evaluate their effectiveness and demand.

Funding for scaling up initiatives

3.61 There currently exists a wide range of third sector providers of financial education in England – many of whom contributed to this inquiry and have long-established track records of delivery in this area, including Young Enterprise (now incorporating pfeg), MyBnk, The Money Charity and others.

3.62 While the delivery models of financial education vary between third sector organisations – from direct delivery by their own staff to 'train the trainer' models that provide content and development support for teaching staff to deliver themselves – many rely on generous funding from corporate organisations to deliver their impactful work.

3.63 Several witnesses observed that funding has become more of an issue since financial education was made statutory in September 2014. It was argued that statutory status had created a perception that funding should now be a responsibility for the state.

"I would say [financial education] always has been [seen as important], but the big "but" is who is going to pay for it. We are in this perpetual cycle of everybody thinks what we do is important, but they do not have the funds."
Michelle Highman (The Money Charity)

3.64 Financial service providers form a significant proportion of funding towards financial education initiatives, many of whom also run their own financial capability schemes in schools. This is welcome, but with growing levels of debt in the UK there is no room for complacency.

3.65 Recommendation: While good practice does exist, the financial services sector should regard financial education as central to its corporate social responsibility work and should ensure they meet the expectations of wider society by prioritising a significant amount of funding to financial education initiatives in schools.

3.66 While we recognise that the current financial climate places restrictions on the level of Government spending, it also remains a concern that mandating financial education in schools has not been matched with extra Government funding for schools to deliver this new requirement.

"We put something on the national curriculum but we did not provide any resources for it from the state education budget. I do not understand how that works and that is a problem; we have not resourced it. To put something on the curriculum and then try to rely on what is effectively third sector and private sector resources to make it work does not seem a sensible way to do it for me, especially when you look at the cost benefits of doing it."
Martin Lewis (Money Saving Expert)

3.67 Many schools do not have the resources they need to deliver or commission effective financial education. This funding gap risks limiting and fundamentally undermining the impact of statutory financial education in schools.

3.68 We do, however, believe that there are mechanisms already available to schools to help fund their work in this area, most notably through the Pupil Premium. Utilising this to strengthen financial education would help, in particular, to provide money management skills to those from more deprived backgrounds who need it most.

3.69 Recommendation: The Department for Education should encourage schools to use Pupil Premium funding to strengthen their focus on improving the financial capability skills of students, particularly those from deprived backgrounds.

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4. Improving teacher confidence and skillset

Initial Teacher Training and CPD

4.1 For many teachers in England – in particular those with responsibility for Mathematics and Citizenship – financial education represented a completely new area of teaching that they had not previously encountered in the curriculum. It was, in many cases, regarded somewhat as a 'bolt-on' to the national curriculum in their subjects, which they neither had experience of, nor confidence in, teaching to their students.

4.2 As with all areas of teaching, teacher confidence is vital to delivering successful and impactful financial education. Teachers themselves need to feel that they are well versed in the key aspects of money management that young people need to learn, as well as the variety of ways in which this can be translated into classroom material. The fast-changing nature of young people's spending spending habits and the way they handle money – driven by technological change – also represents a challenge for teachers to keep up with.

4.3 Our inquiry has revealed that there are significant concerns about current levels of teacher confidence in teaching financial education. In many ways this should not be surprising: with so much teaching content to cover, teachers cannot be expected to be able to teach new topics from day one without appropriate support. This concern was explicitly expressed by the schools who gave evidence to the inquiry in Parliament.

"Particularly in my school, there is a traditional maths department, and it is quite interesting to see the lack of skills some teachers would have in that curriculum area in discussing some of those areas, which are quite discursive issues. For maths teachers, although skilled, it is not necessarily their normal skillset, so it is quite a challenge for them."
George German (Forest Hill School)

4.4 Despite this, it appears that teachers are receiving very little training specific to financial education, thereby limiting the opportunities for them to develop the knowledge and confidence they need to teach it well. The APPG's own polling of secondary school teachers has found that:

- Only 17% of secondary school teachers have personally received, or are aware that a colleague has received, training or advice on teaching financial education.
- 58% of teachers would like to receive more training on how to teach financial education.
- One in five teachers currently teaching statutory financial education in secondary schools say they are unconfident about teaching it.[78]

58% **of teachers would like to receive more training on how to teach financial education**

APPG on Financial Education for Young People, Poll of Secondary School Teachers in England, March 2016.

78. APPG on Financial Education for Young People, Poll of Secondary School Teachers in England, March 2016

"From our own research and experience, certainly equipping teachers with the appropriate skills is where there needs to be more support. There is the fear of money as well, whether it is by children or, for that matter, teachers in terms of whether they feel comfortable bringing financial education into the classroom."
Kevin Jenkins (Visa Europe)

4.5 Continuing Professional Development (CPD) provision focused on financial education for teachers does exist – with a number of organisations, including those from the third sector, offering programmes of support – but, based on the results of our polling, there appears to be only limited uptake of it. For new teachers entering the profession for the first time, too, it is unclear how much focus there is – if at all – on financial skills, particularly given the short nature of Initial Teacher Training (ITT) and its predominant delivery 'on-the-ground' rather than at academic institutions.

"I think they [teacher training institutions] should be a key part of it. Even if you are going to go and be a history teacher and part of the humanities faculty, there has been a lot of discussion about cross-curriculum delivery."
Alison Pask (ifs University College)

4.6 The Department for Education has pledged, as part of its White Paper on Educational Excellence Everywhere, to strengthen ITT and increase the rigour of its content "so that all new teachers enter the classroom with advanced subject knowledge."[79]

4.7 This follows the independent review of ITT chaired by Sir Andrew Carter in 2014, which recommended, amongst other aspects, that new teachers should be introduced to strategies for character education and supporting pupil wellbeing.[80]

4.8 With its focus on understanding how to manage your money well – and the role that money plays in wider British society – financial education is unequivocally linked to the character and pupil wellbeing agendas. As such, we believe that it is important that the updated teacher training framework explicitly refers to the importance of financial education and the role it plays in developing young people's character.

4.9 Building on the Carter Review, an independent working group chaired by Stephen Munday is now developing a clear framework for ITT core content, aimed at helping to prepare trainees to unlock the full potential of pupils.[81] This represents a real opportunity for new teachers to develop their confidence and knowledge of financial education.

79. Department for Education, Educational Excellence Everywhere, March 2016
80. Carter Review of Initial Teacher Training, January 2015
81. Department for Education, Educational Excellence Everywhere, March 2016

4.10 At the same time, for those teachers already within the profession, support is also needed to provide them with opportunities to strengthen their understanding of financial education and innovative approaches to teaching in this area. CPD initiatives have an important role in achieving this and should be encouraged.

4.11 **Recommendation: The Department for Education should embed financial education within the updated Initial Teacher Training Framework, so that new teachers entering the profession have the knowledge and confidence required to teach it well. The new College of Teaching should also encourage teachers to learn and share good practice through CPD initiatives focused on financial education.**

Role of financial education 'champions'

4.12 Many of the respondents to the inquiry agreed that there was a need for a specific member of teaching staff to promote the importance of financial education in schools. Indeed, current provision of financial education in schools was often seen as being determined by the strength of a lead teacher focused on financial education.

4.13 Young Enterprise's Centres of Excellence model – as outlined above – places considerable importance on the role of financial 'champions'. Under this model, participating financial champions', who are members of teaching staff, are given day-to-day responsibility for planning and driving quality financial education, who helps to implement a cohesive teaching and learning programme across the school.

4.14 There is clear support from teachers for this approach: 69% of secondary school teachers believe it would be helpful for each school to have a lead teacher for financial education who champions the subject.[82]

4.15 We believe that there is a clear need for schools to appoint financial education 'champions' to help cement the position and status of financial education in schools and deliver the whole school approach we recommend earlier in this report.

4.16 A central role of each 'champion' will be to encourage engagement on financial education with parents. Research from the Money Advice Service has found that young people are heavily influenced by their parents' past and present financial behaviour, with 77% of 15-17 year olds surveyed saying that they find their parents' financial advice most helpful.[83] Parents can, then, play a key role in providing children with opportunities to learn about money management outside the classroom. However, many parents themselves are often facing financial difficulty and lack the confidence and knowledge to manage their money well.

"When I was teaching myself, I would find at a parents' evening you would get parents coming in telling you what they had learned from their children through the financial education that you delivered. That happened regularly."

Russell Winnard (Young Enterprise)

82. APPG on Financial Education for Young People, Poll of Secondary School Teachers in England, March 2016
83. Money Advice Service, The Financial Capability of 15-17 Year Olds, October 2013

4.17 Financial education 'champions' should actively engage parents in the work they set to their students, through a combination of involvement in in-class activities, encouraging children to discuss their money and savings activities at home, and wider after-school initiatives involving both parents and their children. Where formal agreements on school-parent engagement exist, 'champions' should ensure that financial education is of as equal prominence as other aspects of engagement.

"Perhaps the more powerful engagement primary schools could have is in the facilitating of basic financial education with parents, and helping them to address it day to day with their children."
Lloyds Banking Group

4.18 A key wider benefit of the financial education 'champion' model is that it also helps to overcome the issue of school staff turnover that was identified as a potential barrier to a school's long term engagement in financial education, with Guy Rigden, Co-CEO of MyBnk, noting that, for schools, "one of the problems, if you have not mapped everything out, is how do you keep everything current when your staff is turning over?."[84]

4.19 By ensuring that financial education 'champions' are tasked with sharing good practice with other teaching staff – rather than simply coordinating provision – they can play a crucial role in strengthening the long term sustainability of a school's focus on financial education, with provision remaining strong in the event that the 'champion' departs for another school.

4.20 Recommendation: The Department for Education should encourage schools to appoint a financial education 'champion' - ideally a member of the Senior Leadership Team – to coordinate and promote learning in this area and encourage greater parental involvement.

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84. Guy Rigden (MyBnk), Evidence to APPG inquiry, 9 February 2016

5. Encouraging coordination

5.1 As demonstrated by the vast range of responses we received to our inquiry, the financial education sector is characterised by a large number of on-the-ground providers and funders of financial education.

5.2 Several of these providers and funders are large in scale, including a wide number of large corporate organisations – from Experian and Barclays to Visa Europe and Virgin Money – as well as national third-sector providers such as Young Enterprise, The Money Charity and MyBnk. Many, however, are often smaller in scale and more localised in their focus.

5.3 This diversity of provision ensures that the UK benefits from a strong and vibrant financial education sector, with support on offer from UK-wide experts in this area as well as regional organisations that know their local area well.

5.4 While this extensive range of providers is welcome – as is the variety of approaches they adopt for strengthening financial education – for a teacher it can be somewhat overwhelming to consider which intervention is best suited for their school's circumstances.

5.5 Greater coordination of providers and schools is clearly needed; a view that was expressed by a wide range of respondents during our inquiry. We believe that Whitehall, Government mandated organisations, the third sector and schools themselves all have a role to play in achieving this.

Money Advice Service

5.6 In 2015, following a recommendation made by the independent review led by Christine Farnish, the Money Advice Service was given responsibility for coordinating and supporting the embedding of financial education in English schools. With statutory financial education introduced in September 2014, this was a timely and welcome move.

5.7 At the heart of this activity has been the publication of the UK Financial Capability Strategy,[85] a ten year programme of work delivered in partnership with wider organisations to address the key issues relating to financial capability. The strategy includes a specific strand of work aimed at Children and Young People (3-18 years old).

5.8 This includes work to develop the business case for schools delivering financial education through identifying its impact on educational attainment, character education and employability, whilst at the same time facilitating the evaluation of school's financial education interventions so that they can identify the most impactful interventions.

85. Financial Capability Strategy for the UK, November 2015

5.9 Supporting this work, the Money Advice Service has also been undertaking activity to help better coordinate providers and funders within the financial education arena. This includes the introduction of a Funders' Forum to provide a space for organisations who fund financial education to share good practice, as well as providing the secretariat for the Youth Financial Capability Group, which brings together charities who are delivering financial education for children and young people to share learning and coordinate activities.

5.10 These initiatives are a positive step, and have the potential to provide much needed coordination within the financial education sector. However, with the announcement in the Budget Statement 2016 that the Money Advice Service will be replaced with "a new, slimmed down money guidance body charged with identifying gaps in the financial guidance market",[86] there is a risk that these coordination efforts will be lost and not regarded as a priority for the replacement body.

5.11 Indeed, HM Treasury's consultation paper on the remit of the replacement body provides little emphasis on the issue of financial education in schools and the need for coordination, despite an emphasis on directing more funding to the front line.[87] Should the new body place a narrow focus predominantly on gaps in financial provision, it is unlikely that financial education in schools – which suffers more from a lack of coordination than a lack of provision – will retain the same level of importance as it currently does. Loss of a national body with a clear role of championing financial education and supporting its delivery would have a detrimental impact on many of the outcomes set out in the UK Financial Capability Strategy.

5.12 In providing evidence to the APPG inquiry in Parliament – following the announcement in the Budget – the Money Advice Service's UK Financial Capability Director agreed that this was an area that the replacement body should continue to focus on.

"I think and I hope the evidence that took us to that place, which is that financial education for children and young people is really critical, will take the new organisation to that same place... If you look at the objectives of that body, at the moment they are around improving access to debt advice and improved financial capability. It does not specifically talk about the importance of financial education among children and young people."
David Haigh (Money Advice Service)

5.13 The Money Advice Service's work on coordinating financial education has been welcomed by the financial capability sector and we agree that there is potential for this to strengthen provision in schools across the country.

86. HM Treasury, Budget 2016
87. HM Treasury, Public financial guidance review: proposal for consultation, March 2016

5.14 In establishing the priorities of the new money guidance body, the Government should recognise the positive impact that this coordination role can play in strengthening financial capability across the UK so that, in the long term, fewer adults have reason to access debt advice.

5.15 **Recommendation: HM Treasury should ensure that the proposed new money guidance body – to replace the Money Advice Service – has a remit to coordinate, signpost and identify best practice of financial education.**

Online portal

5.16 In improving coordination of financial education in schools, a key overarching aim should be to simplify the process by which teachers can identify financial education initiatives and support available to them. With such a wide range of providers in the market, it should be made clear and easy for teaching staff to choose which interventions and resources best fit with the needs of their students.

5.17 We believe that the range of options available to them should be available to view online, with a user-friendly portal developed to ensure maximum take-up of this service by teachers. Information on this portal should include details of teaching materials relating to financial education grouped by topic, direct delivery interventions offered by external organisations, wider teacher training initiatives, and other relevant financial education support services on offer. Teachers wishing to utilise material or services on the website should be signposted to the individual provider's website for further details. This could build on Young Enterprise's (now incorporating pfeg's) current online database of teaching resources in this area.[88]

5.18 We recognise that the Money Advice Service has developed an 'Evidence Hub' that brings together existing sources of evidence about effectiveness of financial capability interventions.[89] Where relevant, this new online portal should link to the Evidence Hub so that teachers can view the evaluation data of specific interventions. However, should organisations – particularly smaller providers with more limited budgets – lack robust evaluation data, they should not be precluded from being listed on the online portal.

5.19 **Recommendation: Develop a portal of financial education support offered by external providers, with links to evaluations of each intervention where relevant, so that teachers are clear which interventions are available to them in their area and understand their impact.**

88. Young Enterprise (pfeg), Financial Education Resources
89. Financial Capability Strategy for the UK, Evidence Hub

Network of financial education 'champions'

5.20 As we outlined above, appointing financial education 'champions' in schools can play a crucial role in coordinating financial education provision within individual schools. Such a system can, however, also help to encourage wider engagement and coordination between schools across the country.

5.21 Under Young Enterprise's 'Centres of Excellence' model – which, to date, represents the most comprehensive involvement of financial education 'champions' within a whole school context – those with this responsibility are encouraged to share ideas on innovative and engaging financial education with other teachers in their area.

5.22 This level of engagement between schools on financial education should be encouraged. With the increasing number of academy schools, there is potential for financial education 'champions' at different schools to engage both within Multi-Academy Trusts as well as between wider academies within any particular area.

5.23 This could, where possible, also be extended to form a national network of teachers with a lead focus on financial education that could share best practice through larger-scale activities, such as hosting an annual national conference.

5.24 As part of our proposed coordination remit for the new money guidance body, we believe that this new organisation should have a role in helping to set up a network that brings together financial education 'champions' across the country to help make this a reality.

5.25 Recommendation: Introduce a national network of financial education 'champions' that have the opportunity to network locally and nationally to help share good practice between schools.

6. Measuring long term impact

6.1 A final, crucial aspect of strengthening the financial capability of young people is knowing exactly 'what works' – how, specifically, financial education interventions positively impact on young people's understanding of money management.

6.2 Evaluation of financial education programmes, resources and support emerged as a key issue of focus for the vast majority of organisations who engaged with the APPG's inquiry. Without this evaluation, many felt that question marks would remain over the long-term impact that such interventions have on students' life chances and success in later life.

6.3 We agree that there is a real need to tackle this issue. Understanding what works in financial education – and what doesn't – is vital if we are to maximise the impact of the many committed providers that currently operate in this sector.

Identifying 'what works'

6.4 Throughout our inquiry, we were presented with a range of evaluation data from existing financial education providers, setting out the impact of specific programmes on young people's financial skills.

6.5 This focus on evaluation is welcome, and reflects the widespread recognition across the sector that an outcomes-based approach to financial education is needed, particularly in order to secure additional funding to develop and grow the reach of this work. Including such evaluations on the recommended online portal for teachers will further encourage good practice in this area.

6.6 It is clear, however, that the vast majority of these evaluations were focused on short-term impact on young people's skills. Indeed, there was widespread acceptance from witnesses that there is a need for longer-term evaluations of financial education approaches. This aligns closely with a key recommendation raised by the Financial Inclusion Commission's report last year, *Improving the Financial Health of the Nation*, to "develop a robust, outcomes-based evaluation of how to improve financial capability."[90]

6.7 For many organisations – particularly those in the third sector with limited budgets – there are clear barriers to conducting such an evaluation on their own. These include, notably, the cost of evaluation as funders are often not involved in the long term, as well as the length of time required to monitor and conduct the evaluation. Long-term evaluations in this area are also particularly complex, given the different types of problems that people will encounter during their lives and the number of variable factors involved.

90. Financial Inclusion Commission, Improving the Financial Health of the Nation, March 2015

"We need greater financial evaluation. If we want investment and funding, then we need to be showing absolutely what impact this has. Some of that is really challenging, because, ultimately, what we are trying to do is say what we do now will have an impact in 15 or 20 years' time, and that is really hard. For short-term evaluation we are there, but the much more longitudinal is difficult."
Russell Winnard (Young Enterprise)

6.8 There was also significant agreement from larger corporate funders and providers of financial education initiatives on the need for a greater focus on long-term impact.

"From an impact perspective, I would say that we need to consider the longer term so we can see in a year's time how many young people have retained what we are teaching and, going on from that, how that impacts their money management behaviour."
Faye Jordan (Barclays)

6.9 Clive Lawson, Managing Director of Experian Consumer Services, highlighted that a lack of long-term evaluation had led to them altering their organisational approach to how they support financial education to more measurable activities.

"Right now a lot of our focus is going into building, for example, a digital app, because we want to be able to measure how people are using it and how sustained that usage is, as opposed to delivering a teaching model and getting some positive feedback from it but not really knowing what the long-term impact of it is."
Clive Lawson (Experian)

6.10 Some good progress in this area has already been made. The Money Advice Service, in partnership with the Education Endowment Foundation, has funded the delivery of a large randomised control trial of Young Enterprise's Maths in Context programme. This trial will involve 10,000 pupils in 130 English schools and will contribute the most robust evidence of the impact of a financial education intervention to date in the UK.[91]

6.11 The Money Advice Service is also funding a six-month programme of support for ten organisations delivering programmes that aim to improve the financial capability of children and young people, to help them evaluate the impact of their programmes and build evaluation capacity within their organisation.

6.12 In addition, it has also been working on a financial capability survey for 4-17 year olds to understand the current financial capability of children and young people, and is carrying out an analysis of the British Cohort Survey 1970 to better understand the links between early skills, needs and long term financial outcomes.

6.13 We appreciate that there are a range of complexities in relation to long-term evaluations, and the wide range of factors that can impact on a person's financial skills poses particular difficulties for conducting evaluation in this area. Nevertheless, given what is at stake – the financial wellbeing of young people in life after secondary education and their wider life chances – we agree that such an evaluation is required and should be supported by Government.

91. Education Endowment Foundation, April 2016

6.14 Recommendation: The Government should commission a long-term study on the effectiveness of financial education interventions to assess their impact on young people's financial capability and life chances.

6.15 This longitudinal study will, by its very nature, take a significant amount of time to report, so it is therefore important that organisations are encouraged to further strengthen their focus on evaluation in the short term.

6.16 Transparency is key to driving progress in this area. We need to know what works and – crucially – what does not work if individual and collective approaches to financial education are to be improved. We must avoid a situation whereby organisations choose only to share their headline 'successful' evaluation figures, without any mention of what hasn't worked so well.

6.17 The Money Advice Service has developed the 'IMPACT principles', which encourage funders and providers of financial education to commit publicly to building the evidence base, and consider evidence and evaluation at every stage of commissioning and delivering financial capability programmes.

6.18 Looking ahead, transparency also needs to be regarded as a key principle of financial capability evaluations. The sector, as a whole, can only learn if it is clear what works and what does not.

6.19 Recommendation: Providers of financial education should be encouraged to publish, in full, their evaluation data to help strengthen best practice.

International benchmarking

6.20 Our work in improving the financial capability of young people as a nation must also not be viewed in isolation. If we are to properly understand the collective progress that the financial education sector – from providers to funders to policy makers – is making year-on-year, we need to consider how this compares with other education systems.

6.21 In an increasingly globalised world, educational international comparisons provide a useful benchmark for countries to compare themselves with others. On financial education, in particular, this includes comparisons with countries that often take vastly different approaches to delivering teaching on money management, including varying levels of embedment within national curriculums.

6.22 For the first time, in 2012 the OECD Programme for International Student Assessment (PISA) – a triennial programme for testing the knowledge and skills of 15 year olds internationally – conducted a survey on students' knowledge of personal finances and ability to apply it to their financial problems.[92]

6.23 This was the first large-scale international study to assess the financial literacy of young people, providing a useful insight into how countries compare with their international competitors on providing young people with the knowledge and skills to deal with financial issues. Eighteen countries and economies chose to take part in the survey, including the United States, Australia, France, Italy and Shanghai, China.

92. OECD, PISA financial literacy assessment of students

"The OECD Pisa rankings could be a useful benchmark should the UK participate. Could this give an interesting comparison in relation to other countries which arguably could have very different approaches to financial education in the UK? Could we be doing more? Absolutely."
Kevin Jenkins (Visa Europe)

6.24 It is regrettable that the UK chose not to take part in this survey, depriving providers and policy makers with an important means of comparing the UK with our international competitors on the issue of financial capability. Ofsted itself, during the course of the inquiry, questioned why the UK had opted out of it "when we are so keen on PISA rankings for English and Mathematics."[93] We believe that it would be wise for the Government to agree for the UK to take part in future financial literacy surveys undertaken by the OECD.

6.25 Recommendation: The Department for Education should agree for the UK to participate in the OECD's evaluation of financial literacy in 2018 to provide an international benchmark to improve upon.

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93. Adrian Lyons (Ofsted), Additional written evidence to the APPG inquiry, March 2016

Appendix I – Officers of the APPG on Financial Education for Young People

Chair:

Mark Garnier MP (Conservative)

Vice Chairs:

Nic Dakin MP (Labour)

Andrew Percy MP (Conservative)

Drew Hendry MP (Scottish National Party)

Chair of APPG inquiry on financial education in schools:

Suella Fernandes MP (Conservative)

Appendix II – List of organisations who submitted written evidence

- ABCUL
- ASDAN
- Barclays
- British Museum (Citi Money Gallery)
- Capital One
- Centrepoint
- Charities Aid Foundation
- Christians Against Poverty
- Cifas
- Chartered Institute of Securities & Investment (CISI)
- City Pay It Forward
- Consumer Finance Association
- Debt Advice Foundation
- Developing Youth Practice
- Economics, Business and Enterprise Association
- EdComs
- Edith Neville Primary School
- Education Scotland
- Experian
- Financial Education Partnership
- Financial Inclusion Commission
- Forest Hill School
- HMRC
- Ifs University College
- Lanarkshire Credit Union
- Lloyds Banking Group
- London Community Credit Union
- Low Incomes Tax Reform Group
- Money Advice Scotland
- Money Advice Service
- MyBnk
- Nationwide Building Society
- Norfolk County Council
- Ofsted
- Principality Building Society
- Prospects
- PSHE Association
- RedSTART
- SARN Associates
- SSAT
- Swiss Cottage School
- The Children's Society
- The Money Charity
- UK Sustainable Investment & Finance Association
- Visa Europe
- Young Enterprise
- Your Own Place

Appendix III – List of witnesses who provided oral evidence in Parliament & MPs on inquiry panel

Witnesses:

- **Financial education providers (9 February 2016):**
  - Michelle Highman (Chief Executive, **The Money Charity**)
  - Guy Rigden (Co-Chief Executive, **MyBnk**)
  - Russell Winnard (Head of Programmes & Services, **Young Enterprise**)
  - David Evans (Founder, **SARN Associates**)

- **Financial and business services providers (23 February 2016):**
  - Kevin Jenkins (Managing Director, UK & Ireland, **Visa Europe**)
  - Clive Lawson (Managing Director, **Experian Consumer Services UK & Ireland**)
  - Faye Jordan (Senior Programmes Manager – LifeSkills, **Barclays**)

- **Education sector (8 March 2016):**
  - Amanda Szewczyk-Radley (Headteacher, **Edith Neville Primary Schoo**l)
  - George German (Assistant Headteacher, **Forest Hill School**)
  - Tracy Edwards (Associate Director of Teaching School, **Swiss Cottage School**)
  - Adrian Lyons (National Lead for Economics, Business & Enterprise, **Ofsted**)
  - Jim Lally (National Adviser, **Education Scotland**)
  - Alison Pask (Vice Principal, Financial Capability, **ifs University College**)

- **Strategic oversight and third sectors (22 March 2016):**
  - Martin Lewis OBE (Executive Chairman, **Money Saving Expert**)
  - David Haigh (UK Financial Capability Director, **Money Advice Service**)
  - Sam Royston (Director of Policy & Research, **The Children's Society**)

Members of Parliament on inquiry panel:

- **Suella Fernandes MP (Inquiry Chair)**
- **Mark Garnier MP (APPG Chair)**
- **Alex Chalk MP**
- **Marion Fellows MP**
- **Robert Jenrick MP**
- **Julian Knight MP**
- **Steve McCabe MP**
- **Huw Merriman MP**
- **Chris Philp MP**
- **Michelle Thomson MP**
- **Craig Williams MP**