

Financial education: A review of existing provision in the UK

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The Department for Work and Pensions (DWP) commissioned ECOTEC Research and Consulting Ltd to carry out this review of financial education provision throughout the UK. Its main purpose was: to draw together existing information and contribute to the future development of Informed Choice policy on financial education as a whole; and facilitate a presentation to the US-UK Dialogue on Pensions conference in Washington, July 2005.

The review explored the range and effectiveness of financial education across the UK, looking at both pre- and post- age 16 provision, including coverage of long-term planning and saving issues. It was divided into pre- and post- age 16 provision as this is the age at which compulsory education ends.

The review was conducted through two main methodologies - a desk-based literature review and interviews with twenty key stakeholder organisations involved in the provision of financial education.

As time was limited¹ the main role of the review was to provide an overview of the main themes, types of provision, their effectiveness, and the roles of key stakeholders; it did not attempt to audit all financial education in place.

¹ The review was commissioned at the start of April 2005, with the final report completed in July 2005.

Main Findings

Provision for those in compulsory education

The provision of financial education in schools is supported by the respective education departments of all four UK constituent countries. The Department for Education and Skills (DfES) plays a central role in the provision of guidance on financial education for teachers working in compulsory education in England. In Scotland responsibility for education lies with the Scottish Executive supported by Learning and Teaching Scotland, in Northern Ireland with the Northern Ireland Department for Education and in Wales with the Welsh Assembly Government. Additionally, a number of non-governmental agencies in the financial services industry and community sector work in partnership with the government to assist policy development and provide resources for the delivery of financial education programmes.

Provision of pre-age 16 financial education is mainly through the state education system and focuses on the acquisition of skills, knowledge, understanding and responsibility. It is supported by a number of non-statutory organisations aiming to promote the development of provision and who provide resources and training for

teachers. The review of provision for this age group found that:

- Take-up and effectiveness of financial education in schools is affected by its position as a non-statutory subject. This means the amount and quality of provision depends on the outlook of individual schools, how highly staff prioritise financial education, and the ability and confidence of those teachers responsible for teaching it.
- The non-statutory status of financial education also means it is not part of the formal inspection process. The review found there is little formal measurement of the quality of financial education taking place through OFSTED² or any other inspection mechanism.
- Stakeholders expressed mixed views as to whether a formal stand-alone qualification in the subject should be developed. Some felt that accreditation may lead to increased profile of financial education, but others thought that accreditation could reduce take-up as pupils would be free to choose whether to study the subject or not.
- From September 2005 financial capability will be an integral part of enterprise education³ in England. DfES and its sister organisations in Scotland and Northern Ireland are also reviewing the possibility of placing financial capability within mathematics.
- DfES works in partnership with a range of organisations to issue best practice non-statutory guidance for schools and provides links to resources to support teaching and assess progress. The guidance⁴ is free on request to UK schools and is available as a free download from the DfES website.

Post-age 16 Provision

There are four main forms of personal finance education provision for adults. **Disadvantaged adults** are reached mainly through adult and community learning, delivered primarily through community and voluntary groups. **Employees** may receive generic support through their workplace; **students** as part of post-compulsory education provision; and resources such as

websites and other forms of on-line learning are available to the **general population** as a whole.

Coverage varies depending on the type of provision and target audience; little coverage of long term saving issues is aimed at disadvantaged groups and those in post-compulsory education, whereas considerable information is available on long-term issues through websites and specific organisations. Workplace provision tends to be linked to an organisation's remuneration schemes.

The review found limited evidence of the effectiveness of financial education at the post-age 16 level. Where evidence of effectiveness is gathered it tends to be on a programme by programme basis. Through the stakeholder interviews and in some reports from programme evaluations, the review found that:

- marketing of financial education programmes works most effectively when it is tailored to the needs and characteristics of the target audience;
- take-up and retention of financial education provision among adults depends on their immediate needs, ease of attendance (e.g. location and timing of sessions), trust in providers and the environment it is being delivered in (familiarity, accessibility and appropriateness); and
- partnership working and delivery through intermediaries works well e.g. the Basic Skills Agency commented that effectiveness of the programme of provision for older people was significantly enhanced through partnership working with NIACE⁵ as the latter had good networks with this section of the population and those working with them.

² Office for Standards in Education (OFSTED).

³ From September 2005 schools will receive funding to provide all pupils at Key Stage 4 (year groups 14-16) with the equivalent of five days enterprise activity. This includes the following elements: enterprise capability (supported by better financial capability), economic and business understanding.

⁴ Financial Capability through Personal Financial Education: Guidance for Schools at Key Stages 1,2,3 and 4. DfES.

⁵ National Institute of Adult and Continuing Education (NIACE).

At present there is no national assessment of adult financial capability, although the Financial Services Authority is developing a baseline survey. This will enable measurement of the population's overall level of capability and track change.

Recommendations for provision at pre-16 and post-16 levels

The report gives five main recommendations for consideration:

- it is important not to assume that there is an immediate requirement to design and implement major financial education programmes for adults. The authors believe it would be much more useful to attempt to map the type and scope of financial education that is already available and develop an effective practice guide to delivery;
- there are no 'quick fix' solutions to increase the financial capability of the population; it will be more effective to concentrate on the compulsory education route for those aged under 16, and, for adults, to develop provision that can be accessed as needed;
- for the pre-16s, there is a clear need to strengthen the guidelines, framework and incentives for enhancing take up via Personal, Social and Health Education, and for seeking opportunities to embed the subject in curriculum subjects. In particular, in line with the DfES White Paper⁶ on the 14-19 curriculum for England and reviews of curricula in Wales and Northern Ireland, it is important to consider whether financial education should be more explicitly included in the mathematics curriculum;
- future developments in the design and provision of financial education need to bear in mind that both pre- and post-16 provision works best when it is tailored and relevant, as well as easy to find and access; and

- Government and FSA have a key role to play in the continued development of partnership working and as a means of co-ordinating activity and developments.

The full report of these research findings is published for the Department for Work and Pensions by Corporate Document Services (ISBN 1 84123 870 8. Research Report 275. August 2005).

It is available from Paul Noakes at the address below.

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⁶ Department for Education and Skills (2002) *Review of progress against the Adult Financial Literacy Advisory Group*, DfES

