

## **Financial Capability Strategy for the UK**

### **Joint Response – Curriculum Unit Scottish Government, Access to Justice Unit Scottish Government and Education Scotland**

Following the consultation meeting held at RBS Gogarburn on Monday 22 September it was agreed that the Curriculum Unit Scottish Government and Education should prepare a joint response to the consultation on the 'financial capability strategy'. The Access to Justice Unit, Scottish Government has also had an input to this paper.

We have not responded to a number of question as it is anticipated that other Scottish agencies will be involved in the consultation and they will better placed to take this forward.

#### **1. What time period should the Financial Capability Strategy cover?**

This should be a minimum of 5 years which would be the length of time the next UK government will be in office. It could possibly be a 10 year strategy given the challenges many people face with this aspect of modern living.

#### **2. What is your view of the Financial Capability Framework?**

The financial capability framework is helpful. It brings together a number of factors into a relatively simple diagram. What seems to be missing is a focus on the understanding of 'macro-economic' factors, it is these that explain what happens to people in the real world. These include levels of government income and expenditure, inflation and international trade. At the present moment many people are unaware that interest rates will rise over the next few years and probably are not prepared for this eventuality.

It may be helpful if some of the positive and negative influences could be identified. There are a number of issues around the use of technology for example. A number of people in our less affluent communities do not have access to technologies which may be essential in claiming benefits. A second issue is the 'misuse' of technologies around gambling and access to inappropriate pay day loans.

The use of the word 'resilience' is new in the context of 'financial capability'. There is a connection here with some of the key attributes that are required to successfully develop skills in numeracy and mathematics and these are key in developing a wider financial capability. This connection is welcomed.

#### **3. How far do you agree with the objectives of the Financial Capability Strategy?**

The objectives are appropriate, however on an individual basis there should be a greater emphasis on understanding the macro-economic factors that affect day-to-day financial decisions. These may be subsumed under 'better financial skills and knowledge' but it should be made much clearer.

It is recognised that financial capability (developing people's skills, knowledge and confidence) and financial inclusion (income maximisation and better design of and access to financial products and services) need to go hand in hand but the impact that low income has on financial capability should not be underestimated. This is the case even though many people living in poverty are very good at coping with living on a low income and budget extremely carefully.

#### **4. What is your view of the financially capable behaviour domains?**

They are really helpful but structural factors (eg low pay, short term contracts, welfare reform) also have an impact.

It may be the case that there is a domain missing and that is around understanding the economic world in which we live. The domain around 'building resilience' is to be welcomed as is the focus on 'tackling problem debt'.

#### **5. How important is it to track financial wellbeing to help measure of the financial capability strategy?**

The concept of tracking financial wellbeing is new. There are, of course, links to wider economic, social and environment issues. One of the key 'influencers' is the workplace and there are key issues around 'low pay', part-time employment and zero-hours contracts that play an important part in placing individuals on the 'financial wellbeing staircase'. It would be difficult to differentiate between these factors and those which determine a narrower 'financial wellbeing'. The diagram on Page 15 is helpful and this is the only time that the importance of macro-economics is recognised.

It could be a useful measure and it may be worth having separate 'staircases' illustrated for young people, those in financial difficulty and older people.

#### **6. What are your views on the priorities for action that have been identified as a focus for the Strategy? Should any additional areas be added?**

The priority area 'people in financial difficulties' is a catch all for people who are in transition phases such as becoming a parent for the first time. Given this the 'priorities for action' seem very appropriate.

It could also include measures to tackle low income.

#### **7. How far do you support the Strategy's aims for children and young people?**

The Scottish Government and Education Scotland's commitment in this area over a number of years appears to have already gone further than that outlined in the strategy. This includes recognising that the expected outcomes under Curriculum for Excellence national guidance are that young people develop knowledge, understanding and skills to assess and evaluate financial risk, and gauge the impact of their financial decisions.

Many Scottish schools and other educational establishments and centres run 'money weeks' from early years through to colleges, which give a whole school/establishment focus to financial education, as well as developing skills through the Numeracy across Learning curriculum. The importance of this in the context of early years and new young parents and the link to community learning cannot be underestimated. This is an area where we would be keen to work further with MAS

The importance of the wider 'macro-economic' aspects of financial education are recognised in the Scottish curriculum through Social Studies where there are explicit outcomes and experiences related to financial education.

Education Scotland and Scottish Government have recognised the links between developing skills for employability, enterprise (including social enterprise) and financial education. These aspects of the curriculum are often developed through a schools involvement in money week. Skills for employability have been given a priority in the recently published report Developing Scotland's Young Workforce (Wood Report). Education Scotland is already working with MAS in making the connection to this area and it is another area where we could work in partnership in the future.

## **8. What is your view of the recommendations for action relating children and young people?**

Identify, agree and extend use of **simple, key messages** about money for children of different ages.

Under this heading it would be good if the strategy could acknowledge that, under Curriculum for Excellence, financial education is a key part of the wider focus on numeracy across learning, which is the responsibility of all teachers/practitioners across all subjects/curriculum areas and stages.

Ensure that all children, regardless of their family situation, have the opportunity to learn about money outside the home.

Work with organisations that teach and support children, young people and parents to **embed financial capability within their programmes**.

Education Scotland facilitate the Scottish Financial Education Forum (SFEF), which aims to build capacity and professional competence in financial education within Curriculum for Excellence. The Forum seems a good vehicle to help take forward the aims and recommendations of the Strategy concerning schools and young people, encouraging the

kind of creative partnerships across public, private and third sectors that will be needed in order to realise the vision of a financially capable society. Again it would be good if the Forum was referenced within the strategy, perhaps as a case study/text box entry.

The draft strategy currently underplays the role that family learning and family literacy/numeracy projects and programmes can make toward financial capability. More explicit references to Community Learning & Development providers having a key role in developing financial capability should be included. (The Education Scotland Adult Literacies Team can advise on specific examples of projects and programmes which highlight financial capability).

Education Scotland and Scottish Government have promoted the professionalism of teachers in discussing money and financial products and services in the classroom. Experiences of young people will vary enormously but we seem to have a permissive culture in Scottish schools that allows for debate and discussion of the sometimes difficult issues arising from family budgets etc. Our curriculum framework supports such a sensitive approach to learning and developing financial awareness.

Financial service and education providers should increase **opportunities for children and young people to manage their own money**. For example, providing banking products for children and young people with modern product features so that children can put their learning into practice.

The strategy could provide examples of creative partnerships across 'sectorial boundaries' to support financial education e.g. Education Scotland's collaboration with Prudential to organise a series of free half-day workshops for secondary teachers across Scotland in May and June 2013, which allowed good financial education to be discussed in the context of Curriculum for Excellence.

Children in Scotland are now working in partnership with Barclays Bank to maximise the reach of the Barclay's Lifeskills Programme, which includes elements of financial education (e.g. understanding money basics; spending, saving and borrowing money; and planning for your financial future) within a wider life and employability skills programme for 11 to 16 year olds. This partnership was featured at the CiS numeracy conference ('Easy as 123: Making numeracy and maths count in Scotland') in January 2014.

These examples build on and complement previous and on-going support from RBS, Standard Life, Clydesdale Bank, Lloyds, Tesco Bank as well as the Chartered Institute of Bankers in Scotland.

## **9. How far do you support the Strategies aim in respect of preparing for later life?**

N/A

**10. What is your view of the recommendations for action relating to preparing for later life? How could they be improved?**

N/A

**11. How far do you support the Strategy's aims for older people?**

N/A

**12. What is your view of the recommendations for action relating to older people? How could they be improved?**

N/A

**13. How far do you support the Strategy's aims for people with financial difficulties?**

The strategy highlights the importance of spotting debt problems early. Debt Advice services do mostly reactive work and they may do some preventative work – though this may involve working with people who have got into debt to prevent this happening again. They have had less of role in early intervention work but there is value in exploring how they could be involved in encouraging people to seek help earlier. Given the obstacles to this it might be best achieved through some kind of awareness raising or promotion of the work that advice services do.

The Access to Justice Unit agree with the aim of further improving the quality and consistency of advice. The Scottish Government promotes the Scottish National Standards for Information and Advice Providers a quality evaluation framework for advice services providing advice on money and debt, housing and welfare benefits.

**14. What is your view of the recommendations for action relating to people with financial difficulties? How could they be improved?**

The Access to Justice Unit support more early intervention and preventative work and debt advice combined with other forms of advice, such as money advice as an outcome from the strategy. It would be useful to explore further how financial education/capability can be embedded with crisis debt or other types of advice. There needs to be more clarity about who is best placed to deliver financial education to adults or develop their financial capability and the kinds of skills they require. It may be that advisers will need to develop some new skills or that this work should be carried out by others eg community or support workers. It may need to be delivered in different settings eg groups, classrooms rather than in a more traditional one-to-one session with an adviser.

**15. How far do you support the Strategy's aims in relation to the ease and accessibility of products and services?**

N/A

**16. What is your view of the recommendations for action relating to the ease and accessibility of financial services? How could they be improved?**

N/A

**17. How far do you support the Strategy's aims in relation to influencing social norms?**

Scotland's curriculum 3-18 is designed to provide young people with the knowledge, skills and attributes they need for learning, life and work in the 21st century. This is encapsulated in the four capacities – to enable each child or young person to be a successful learner, a confident individual, a responsible citizen and an effective contributor. The four capacities also appear as National Outcome 4 in the Scottish Government's [National Performance Framework](#), used to measure progress of high level outcomes in Scotland.

The aims outlined in the strategy align very well with the 4 capacities of curriculum for excellence and it is this that ensures financial education has a place as a key area of inter-disciplinary learning which is recognised by the number of schools running money weeks. It is in this context that the importance of language and literacy as well as numeracy can be examined. Education Scotland and Scottish Government have already made a contribution to influencing social norms through the publication of 'On the Money' and 'Skint!'.

An area of the curriculum that is often underestimated in relation to influencing social norms is drama. In Scotland we have a number of examples where this has been attempted and these were very powerful in giving the key messages around managing money.

We believe that the use of literature and drama have been success stories in the way Scotland has tackled these issues and this would be an area where we could work with MAS in further developing the strategy. Initiatives in this area appear to have been particularly important in the way that young people engage with significant economic, social and political issues. This could be a method of negating the influence of what is a very powerful marketing machine across a range of different issues including gambling, pay day lending etc.

An issue raised earlier was around access to technology and its misuse, these issues are not going away and if anything they will become more important. Education Scotland may be able to support any developments in this area.

**18. What is your view of the recommendations for action relating to influencing social norms?**

These are helpful recommendations. In the context of key life stages and events these are also important in an educational context. Transitions through educational stages and the move to work or further and higher education are crucial for young people.

The use of simple messages has parallels in other areas such as '5 a day', and using seat belts in cars. These have had an impact on behaviours so a similar strategy may work.

**How could they be improved?**

They could be closely aligned with the purposes of the different curricula across the UK where there is a lot of common ground. These types of statement are now also part of the culture in further and higher education. Extending them to a wider population may be possible.

**19. How far do you support the Strategy's aims relating to evidence and evaluation?**

The evaluation of financial capability projects and programmes will help to inform work to deliver this by the advice sector, in partnership with others. This work is at an early stage and it will be really helpful to be able to learn from others experiences.

A UK-wide research evaluation on the effectiveness and impact of school-based financial education provision on young adults would be useful in assessing the output of recent curriculum changes across the UK. As Scotland's curriculum framework (Curriculum for Excellence) has encompassed financial capability "outcomes" for 4 years, it would be valuable to seek evidence of its impact on attitudes to the savings, investment and spending habits of those who have recently completed their formal education.

On a smaller scale it may be worth carrying out investigations into the impact of 'Money Weeks' in early years, schools, colleges and local authorities.

**20. What is your view of the recommendations for action relating to evidence and evaluation? How could they be improved?**

The 'evidence and evaluation' strand of the work seems ripe for an 'Improvement Methodology' approach i.e. a collaborative approach across sectors with agreed stretch aims, primary and secondary drivers supported by small scale, quick 'tests of change'. See

the SG's 'Early Years Collaborative' or 'Raising Attainment for All' for current examples of this approach in action.

While we would endorse the need for quantitative and qualitative evidence there is less need for number crunching exercises and more emphasis should be placed on the "case study" evidence that ES has already gathered from schools. Case study evidence should highlight examples of working with credit unions e.g. the Glasgow work that was showcased at the Children in Scotland numeracy conference in January as it is important to recognise that banking and savings need not only occur in the traditional settings and community-based approaches are just as valuable (arguably more so in some cases).

The 'Improvement Methodology' approach could also be applied to supporting the growth of financial capability work within the advice sector – testing out innovative approaches on a small scale and evaluating these. A recent example of this is the recently announced **Tackling Money Worries** programme, funded by the Scottish Government and administered by the Scottish Legal Aid Board. It focuses on different ways of connecting local organisations which provide support and help to families at vulnerable times with good quality advice and financial capability providers and will run until 2016.

The recommendations, on training, a common evaluation toolkit, research and sharing knowledge will help to develop practice and ensure consistency.

## **21. How would your organisation like to be involved in further development of the Strategy?**

Education Scotland and Scottish Government will continue to provide as much background information as possible to ensure a successful development of the strategy that will meet the needs of Scotland's young people.

Access to Justice Unit will also provide background information to support the strategy

## **22. What role do you see your organisation playing in the implementation of the Strategy?**

Scottish Government and Education Scotland will support the development of the strategy in the context of Curriculum for Excellence. There appears to be a significant level of agreement in the outcomes we are looking to achieve.

This approach will be maintained through the support of Education Scotland in their work with teachers and the SFEF will continue to be an information sharing forum in the context of the strategy.

Scottish Government will support the strategy in the development of financial education and financial capability work by the advice sector.



