

**Response from NIACE Dysgu Cymru**

**to the**

**Consultation on a proposed Financial Education  
and Inclusion (Wales) Bill**

**May 2014**

**Working for more and different adult learners**

# 1. Background

NIACE is an independent charity which promotes adult learning across England and Wales. Through its research, development, publications, events, outreach and advocacy activity, NIACE works to improve the quality and breadth of opportunities available for all adults so they can benefit from learning throughout their lives.

## 2. NIACE and financial learning

NIACE has been involved in research and development of financial learning for adults for over a decade. In 2004 we appointed a Research Fellow in Financial Education with a remit to support the growing policy area of financial capability by bringing together knowledge about good practice within adult learning and promoting understanding of the vital importance of financial learning for adults.

In 2007 NIACE launched a two-year independent commission on the future of lifelong learning and, as part of its findings, the commission examined the idea of basic skills for modern day living. They identified four key areas of capability which together they called a citizens' curriculum and which they considered should form a second tier of learning over and above basic skills of literacy, language and numeracy. The four broad capabilities are: civic, health, financial and digital.

NIACE accepted the findings of the commission and promoting financial capability is now part of its long-term strategy.

## 3. Financial learning in Wales

The Welsh Government has established itself as a pioneer in the promotion of financial skills in formal education. At a time when the Government in Westminster was reluctant to place responsibility for financial learning within the statutory education system, the Welsh Government took important steps to acknowledge the importance of personal finance within school education. Indeed, when the next round of the PISA survey takes place in 2015 and will contain a financial education test, one would reasonably hope that the Welsh schools will be better placed to respond to this than schools in England.

## 4. NIACE's approach to the consultation

NIACE works to promote and support adult learning within England and Wales and seeks to set all learning within a lifelong context. As the bill focuses largely on school provision, our comments will address how these proposals relate to lifelong learning. However, as we believe that financial capability is one of the key capabilities throughout life, **we also believe that it should be an integral part of school education and we support the proposal that financial education should be a statutory part of the curriculum.**

However, children and schools do not exist in a vacuum and NIACE believes that education policy for schools should always be considered in the context of the wider social landscape both while children are of school age and beyond. Research shows the instrumental link between parental levels of education, and engagement in education and the educational attainment of children. This was particularly highlighted in the [Inquiry into Family Learning](#), undertaken by NIACE across England and Wales in 2013, and most recently this has been recognized by the launching of the [Education begins at home](#) initiative by Welsh Government. In short, the education of children, and adults is inextricably linked, yet too infrequently connected.

In addition, in recent years there have been important advances in our understanding of how people learn and make decisions, many of which have yet to be recognised fully within our approaches to learning at any ages. Many of these advances have focused on how people operate in the field of personal finance, giving rise to a new sub-set of economics, referred to as behavioural economics. Identifying that individuals routinely make financial decisions based on deep-seated biases that fall outside of our notions of rational thought has posed uncomfortable questions for educators and which may help explain the unimpressive results from some existing financial education approaches.

The Money Advice Service has taken a lead in attempting to digest these findings and help practitioners devise ways of making use of these findings. Bringing together research findings from leading academics and commissioning research themselves, they have identified that there are five key elements that impact on financial capability. Building on the springboard of our individual experiences and personalities, skills, knowledge, attitudes, motivation and opportunity all need to be brought into play to achieve the best results from decision making.

## **5. The role of parents**

The impact of parents at all ages has been a common factor in much recent research about financial decision making. Many research subjects cite the positive value of advice they have received from their parents. This only serves to emphasise further the importance of parents as educators in those early years before children engage with formal education, years in which many habits are formed that last throughout the rest of life. Unless provisions are put in place to help parents to be effective financial educators and role models, teachers will always be at a disadvantage when children eventually come under their influence.

Parental engagement in children's learning has a demonstrable, positive impact on children's education, giving them greater confidence and self-belief, with measurable benefits to their literacy, language and numeracy skills. Despite the evidence about the importance of parent's own education levels, there has been a significant drop in the numbers of adults learning in Wales over recent years. The Statistics for Wales<sup>1</sup> data shows a decline in overall numbers of learners between 2011/12 to 2012/13, a trend which has continued since 2005/6. This decline is most marked in Adult Community Learning, and amongst part time learners.

## **6. Financial education and increasing prosperity**

One of the Bill's central aims is to help increase prosperity through financial education in schools. Clearly, making good financial decisions can be a major factor in improving individual prosperity but this is not a benefit that can be achieved overnight as children need to wait until they are able to act as mature adults before they can have an appreciable impact on prosperity on a large scale. While not wishing to diminish the importance of school education, it is worth looking at the wider population to help us see if this is really where the emphasis of public spending should be greatest. Based on the 2011 census, the number of pupils leaving full-time education was set to fall, year on year, for around the next decade. In 2011 there were 22,177 young adults in the cohort aged 18 but this will fall steadily each year to 2022 when there will be only 15,203 in that cohort.

All this will be at a time that sees a population "bulge" approaching the time when they start to consider retirement, arguably a time when a greater understanding of financial issues is required compared with those facing children or school age. It could also be said that the financial decisions taken by those approaching retirement have far greater impact on their long-term prosperity as they have less time in their lives to rectify any poor decisions they make than is the case for younger people.

## **7. Financial education and adults**

This is not to say that financial education in schools is not important. We seek only to highlight the importance of recognising that people face financial decisions throughout their adult lives as well and it should not be assumed that they can tackle these without positive help to learn their way through them.

With this in mind we welcome the inclusion of universities and further education into the remit of the consultation but suggest that the proposal in question 11 is insufficient. If financial education is considered to be so important that it merits inclusion in the school curriculum on a compulsory basis, why is it less important for older students, who it is suggested need only to be given information about where to get advice? People meet changing financial challenges and decisions throughout their lives. NIACE considers that the implication in the question that somehow one's

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<sup>1</sup> <http://wales.gov.uk/docs/statistics/2014/140326-further-education-work-based-learning-adult-community-learning-2012-13-en.pdf>

financial education can be considered complete upon leaving school is unhelpful and does not reflect the realities of modern life, particularly given the changes to digitization of many public services (including welfare), and financial services such as basic banking.

## **8. Financial inclusion, financial learning and local authorities**

NIACE welcomes the consultation's attention to financial inclusion as an important related topic for this Bill. The Money Advice Service's research quoted earlier places "opportunity" among the critical elements of sound decision making and financial inclusion addresses this directly. Financial skills and knowledge on their own will be of little use in an environment which is hostile to the use of those skills so NIACE has always seen financial capability and financial inclusion as important allies.

NIACE believes that the Welsh Government should take a strong lead in these areas as it has the greater resources to develop strong, evidence-based policies and to draw on central resources. Among these we would cite again the Money Advice Service, which has a statutory remit to provide advice to the public on financial matters, and which has already demonstrated that it can base its interventions on the most advanced academic research.

We would also include the Behavioural Insights team at the Cabinet Office, which has a remit to disseminate appropriate solutions based on recent learning about balancing the impact of learning and "nudging" on individual decision making.

NIACE too has an important contribution to make to Welsh Government policy here, particularly to continue to work to influence the development of a coherent curriculum for adults, which would include financial education.

Local authorities can undoubtedly make a major impact on the delivery of policies but NIACE believes that it will be more cost-effective for the Welsh Government to draw together the different strands of policy required to make all the changes this Bill seeks to achieve.