

**National Assembly for Wales  
Children, Young People and Education Committee  
Financial Education and Inclusion (Wales) Bill  
CYPE(4)–23–14 – Paper 5  
Response from : Estyn**

**Estyn welcomes the opportunity to provide additional feedback relating to the consultation on the proposed Financial Education and Inclusion (Wales) Bill. We have set out our response in line with the questions noted below.**

**General**

- 1. The Explanatory Memorandum prepared by Bethan Jenkins, AM describes the Bill’s primary policy objective of the Bill as being to equip people in Wales with the financial competency they need to manage their financial circumstances effectively. In doing so, the proposals will help to increase prosperity in Wales by improving the financial education and capability of its citizens.**

**The Bill’s proposals fall into three broad categories:**

- The Bill will improve financial capability amongst school-age children and young people by making it a legal requirement that financial education is included in the school curriculum (sections 4 to 7 in the Bill).**
- The Bill will strengthen the role of local authorities in helping people avoid falling into financial difficulty, by requiring local authorities to adopt a financial inclusion strategy (sections 8 to 10 in the Bill).**
- The Bill will give local authorities duties in respect of providing advice about financial management, both generally and specifically to looked after children aged 16 to 17, to former looked after children and to students (sections 11 to 13 in the Bill).**

**Is there a need for a Bill for these purposes? Please explain your answer.**

Since we carried out our ‘Money Matters’ thematic survey in 2011, there have been a number of curriculum changes that have strengthen the provision for financial education in schools.

These include the introduction of the Literacy and Numeracy Framework (LNF) and the forthcoming introduction of GCSE mathematics – numeracy by September 2015. Financial education is identified clearly in both.

The Literacy and Numeracy Framework (LNF) is a statutory document and schools are required to amend provision to ensure suitable coverage. Financial education is not 'overlooked' as noted in paragraph 14 of the Explanatory Memorandum as there is currently a statutory requirement for schools to deliver financial education.

The changes in the LNF and GCSE mathematics-numeracy are in addition to the references made to financial education and using money in various existing examination specifications and statutory and non-statutory curriculum documents, including:

- GCSE mathematics (current syllabus);
- the mathematics National Curriculum Subject Order for seven to 16-year-olds;
- the non-statutory Personal and Social Education framework for seven to 19-year-olds; and
- the non-statutory Careers and the World of Work framework for 11 to 19-year-olds.

Given the relatively recent introduction of the Literacy and Numeracy Framework as a statutory curriculum planning document, it would be sensible to provide time for this development to embed before making further changes or undertaking another evaluation of financial education.

Schools should be given the flexibility to deliver provision in a way that best meets the needs of their learners. A prescriptive and piecemeal approach to curriculum planning should be avoided as this will not help schools to take an holistic approach to curriculum delivery.

**2. Do you think the Bill, as drafted, delivers the stated objectives as set out in the Explanatory Memorandum? Please explain your answer.**

The Bill delivers the stated objectives as set out in the Explanatory Memorandum. However, financial education has already been included across a wide range of statutory and non-statutory curriculum documentation as noted in our response to Question 1.

**3. Are the sections of the Bill as drafted appropriate to bring about the purposes described above? If not, what changes need to be made to the Bill?**

The Financial Education and Inclusion (Wales) Bill, includes a section regarding reporting on an annual basis – 6 Annual Report.

This includes a reference to Estyn and:

6 (2) The Welsh Minister may direct Her Majesty's Chief Inspector of Education and Training in Wales to prepare the report.

We feel that it would be more appropriate to report on financial education as part of a stand-alone thematic survey rather than requiring a report on it in all school inspection report. This would ensure that this issue has suitable prominence and key messages are clear.

**4. How will the Bill change what organisations do currently and what impact will such changes have, if any?**

The Financial Education and Inclusion (Wales) Bill could have a significant impact on Estyn's work and budget if it necessitated reporting on Financial Education in every inspection. It would require an increase to our budget. (See reply to Question 8).

**5. What are the potential barriers to implementing the provisions of the Bill (if any) and does the Bill take account of them?**

See Estyn's response to Question 1 and Question 4.

**6. Do you have any views on the way in which the Bill falls within the legislative competence of the National Assembly for Wales?**

Estyn does not hold any strong views on this.

**Powers to make subordinate legislation.**

**7. What are your views on powers in the Bill for Welsh Ministers to make subordinate legislation (i.e. statutory instruments, including regulations, orders and directions)?**

In answering this question, you may wish to consider pages 47-48 of the Explanatory Memorandum.

Estyn does not hold any strong views on this.

**Financial Implications**

**8. What are your views on the financial implications of the Bill? In answering this question you may wish to consider Part 2 of the Explanatory Memorandum (the Regulatory Impact Assessment), which estimates the costs and benefits of implementation of the Bill.**

The Financial Education and Inclusion (Wales) Bill has financial implications for Estyn. However, the extent of these implications would depend on the nature of the reporting. Estyn estimated that to produce a thematic survey evaluating Financial Education would cost approximately £40k.

If during all school inspections, inspectors were required to report on financial education, they would need to spend at least two hours during inspection scrutinising relevant documentation and pupils' work and an hour meeting relevant staff. This in practice would require an additional half day added to the inspection 'footprint'. We would need to amend our guidance to inspectors so that they ask relevant questions to pupils during other activities such as listening to learners.

This additional work would cover around 140 inspector days per annum. However, if inspectors were required to travel to a school, this would add an additional one day of travel time per inspector, taking the total up to 350 inspector days. Overall, it would be around two HMI or £160k including on-costs annually.

### **Other comments**

9. Are there any other comments you wish to make about specific sections of the Bill?