

National Assembly for Wales

Children, Young People and Education Committee

FEI 21

Financial Education and Inclusion (Wales) Bill

Evidence from : The National Voice for Lifelong Learning – NIACE

Cymru

Introduction

1. The National Institute of Adult Continuing Education (NIACE) is an independent charity which promotes adult learning across England and Wales. NIACE exists to encourage more and different adults to engage in learning of all kinds. 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. NIACE Cymru, the Welsh arm of NIACE, conducts work in Wales supported by a Strategic Group, which is made up of representatives of NIACE members in Wales. NIACE's work is driven by our strategic plan which is shaped by the needs of the adult learning sector. NIACE's current strategic priorities comprise:
 - improving the accessibility, range and quality of the life skills that underpin lifelong learning and enable adults to participate in society;
 - making learning in communities more diverse, sustainable, responsive, accountable and better connected with other types of learning; and
 - improving the range and quality of learning in and for work, in order that adults are best equipped to gain, sustain and progress in employment.
2. NIACE produces high quality strategic and analytical work and has strong experience in research and development projects around learning that enhance social and economic well being. Since 1999, the Institute has worked on more than 1000 development and research projects in the UK across many fields including equality and diversity, literacy, numeracy, financial capability, digital learning, health, well being and pathways to employability for those furthest from the labour market. Further information on our work can be found at www.niacecymru.org.uk.
3. NIACE Cymru believes that adult learning – delivered across all sectors including further education, higher education, the workplace and in communities - plays a crucial role in supporting skills development and economic growth. However, there is much evidence that investing in adult learning does not only deliver educational benefits. It also improves health and well-being, assists in building strong communities, gives parents the vital skills to support their children's education, keeps an ageing population active and contributes to a prosperous and confident nation.

Financial Education and Inclusion (Wales) Bill

4. NIACE Cymru welcomes this unique opportunity for Wales to legislate in the area of financial education.

The Bill's provisions fall into three broad provisions:

1. 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
2. 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
3. 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 or 17, to former looked after children and to students

Part 1

5. As stated in our response to the initial consultation on the proposed Bill, NIACE Cymru believes that financial capability is one of the key capabilities individuals require throughout life, and should be an integral part of school education. We support the proposal put forward in the provision of the Bill that financial education should be a statutory part of the curriculum.
6. However, it would be a missed opportunity for the Bill to focus on children alone. NIACE is actively involved in the financial inclusion agenda, and it is clear to us that we cannot treat children as existing in a vacuum. Education policy for schools should always be considered in the context of the wider social landscape. Research has shown the close instrumental link between parental levels of education and their engagement in education and the educational attainment of children.
7. 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.
8. 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 Wales¹ 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.

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

9. We must also consider that for some, financial education at school will not be appropriate or may not have come at the right time in their life. NIACE Cymru believe that the Bill and the wider policies of Welsh Government could be strengthened to ensure that financial education and advice are available in a wide variety of settings, accessible to all ages. In our response to Welsh Government's financial inclusion strategy in December 2007, we stated that the opportunity to improve financial literacy must be available to people of all ages, and we echo that sentiment in response to this proposed Bill.
10. Furthermore, it is important to recognise the key role of adult and community learning in engaging some of the most marginalised and socially excluded in the society, many of whom are outside statutory education. NIACE Cymru would like to see opportunities for improving financial literacy and capability in adult and community learning and the voluntary sector, in addition to schools and further education.
11. A Public Policy Institute Wales report² published in May 2014 – 'Overview of indebtedness, low income and financial exclusion' – revealed the stark nature of indebtedness in Wales. The report states that around 16% of people in Wales (c.400,000) would be considered over-indebted, and that indebtedness is strongly associated with socio-economic disadvantage. In particular, it highlights particularly high levels of indebtedness in the central and eastern valleys of Rhondda Cynon Taf, Merthyr Tydfil, Caerphilly and Blaenau Gwent, as well as parts of the north Wales coast and in deprived rural areas.
12. Perhaps the most appropriate way to address financial education within disadvantaged communities is to work through respected and trusted local groups. The voluntary sector is key in reaching key groups at risk of financial exclusion, often seen as 'hard-to-reach' by government and traditional advice agencies e.g. lone parents, ethnic minorities, social housing tenants
13. In England, the work of Toynbee Hall in London to address financial exclusion and strengthen financial education in these groups should be seen as good practice and something which Wales could learn from. Their Money Mentors scheme engages a host of voluntary sector partners, and puts qualifications and learning at the heart of tackling financial exclusion. Participants gain a level three qualification, building their own financial capability and developing skills that allow them to offer financial advice and support within their own community, where they can become a trusted intermediary for many of the socially and financially excluded groups referred to paragraphs 11 and 12.
14. NIACE Cymru recognises the central importance of financial education in schools. But we also seek to highlight the importance of recognising that people face financial decisions throughout their adult lives and there must be opportunities provided throughout the life course to help tackle these decisions. This Bill would be strengthened immeasurably if supported by a stronger policy drive from government to improve financial literacy and the availability of financial education for adults.

² <http://ppi.w.org.uk/files/2014/01/Indebtedness-in-Wales1.pdf>

Part 2

15. NIACE Cymru welcomes the focus on financial inclusion in the Bill, but we are concerned about over-emphasising the role of local authorities in this process. Strategic oversight of financial inclusion policy is vital, but we believe there is a greater role for Welsh Government to play in this part of the process. 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.
16. Welsh Government has the ability to work more closely with national bodies such as NIACE Cymru, the Money Advice Service, and representative bodies such as ABCUL, Advice UK and the Financial Conduct Authority to develop coherent strategies and avoid both duplication of this work and the potential for inconsistency between the various local authorities. We would also suggest that at a time of change for local authorities, with the impending changes proposed by the Williams Commission, and ongoing pressures on both their finances and their capacity, it should be down to Welsh Government to lead on this.
17. Welsh Government should also seek to use the opportunities available through working closely with the UK Government's Cabinet Office, which is currently working to disseminate appropriate solutions based on recent learning about balancing the impact of learning and "nudging" on individual decision making, an important area in relation to financial education and inclusion policy.

Part 3

18. We welcome the recognition by the Bill that students and looked after children will also require advice about financial management. However, this should go beyond the sign-posting approach suggested. If financial education is considered important enough that it merits compulsory inclusion in the school curriculum, then questions remain as to why it is less important for older students – many of whom will often be managing finances on a scale they have not done previously, through their receipt of student loans, paying for accommodation etc. While it would be difficult to envisage a situation whereby financial education is made compulsory for older students where there is no set curriculum, there are a number of potential avenues to offer older student financial education – for example, working closely with student unions, or building this in to the induction process for new students.
19. As reflected throughout this response, we believe that people will meet changing financial challenges and decisions throughout their lives. A Bill that implies that the financial education of an individual can be considered complete upon leaving school is unhelpful, and does not reflect the realities of modern life.
20. While the Bill is ambitious, and undoubtedly admirable in its aims, the remit of the proposed legislation needs to be strengthened significantly in this area to achieve its aim of increasing prosperity among our population, while growing the economy across Wales by equipping people with financial capability.