



ALL-PARTY PARLIAMENTARY GROUP ON



Financial Education
for Young People

Financial Education & the Curriculum

APPG Report: Financial Education & the Curriculum



Chairman's Foreword

Young people today grow up in an increasingly complex financial world requiring them to make difficult decisions for the future, often without the necessary level of financial literacy. Credit cards, phone contracts, and tuition fees all require young people to start making choices at a young age. These decisions only become more complex with age and as such the country has a duty to equip our young people properly through education to make informed financial decisions.

In this cross-party report we have tried to set out very clearly how financial education can be delivered within both the Primary and Secondary curriculum. Our greatest challenge has been trying to establish where exactly in the secondary curriculum financial education should sit. We strongly believe that financial education should be compulsory in schools across the country and consequently we have proposed it should be delivered cross-curricular through Maths and PSHE education.

However, we also recognise that to introduce compulsory financial education in our schools requires real leadership. That is why we recommend that every school should appoint a Personal Finance Education Champion or coordinator to drive delivery and to help ensure appropriate training is put in place for staff.

We would like to thank all those organisations and individuals who gave evidence to us, some of whom travelled a long way to give us the benefit of their experience. We would also like to thank pfeg for providing an excellent secretariat, and Martin Lewis of moneysavingexpert.com for his passionate support.

Andrew Percy MP

Group Chairman's Foreword

The All Party Parliamentary Group (APPG) on Financial Education for Young People was launched in the House of Commons on 31st January 2011. It provides a medium through which Parliamentarians and organisations can discuss the current provision of personal finance education in schools and colleges; ensure young people are equipped to make informed financial decisions; help make resources and qualifications more widely available; and support schools in the delivery of financial capability. The APPG on Financial Education for Young People is now the largest in parliament, with 226 cross-party MPs and Peers.



Justin Tomlinson MP

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Executive Summary

Two-thirds of people in the UK feel too confused to make the right choices about their money and more than a third say they don't have the right skills to properly manage their cash.¹ Between 2004 and 2010, individual insolvency levels rose sharply and in the 12 months ending in Q3 2011, approximately 1 in 361 people became insolvent.² This is significantly higher than the annual average of 1 in 1,655 people seen over the last 25 years.³ Without fundamental changes to the way individuals manage their money, this problem will continue to grow. We believe that financial education is a long term solution to the national problem of irresponsible borrowing and personal insolvency. Furthermore, teaching people about budgeting and personal finance will help equip the workforce with the necessary skills to succeed in business and drive forward economic growth.

In schools across England the existing provision of personal finance education is ad hoc, with only 45% of teachers in our survey reporting that they have ever taught the subject.⁴ In contrast, it is being introduced in many countries' school curricula as part of their national strategy to improve financial capability. Unless more children and young people in England learn about personal finance, there is a real risk that we will be left behind.

Schools face significant barriers to teaching personal finance education, including pressures on curriculum time, no statutory mandate and lack of awareness of suitable resources. In addition, there is currently little teacher training in personal finance education and therefore limited subject knowledge and confidence. Accordingly, initial teacher training and Continuing Professional Development would provide a good opportunity for teachers to develop the confidence and skills to teach the subject, although schools should retain autonomy on what they feel would be helpful to their staff.

In primary schools the current cross-curricular approach should continue but it is important that primary teachers are fully equipped to teach basic maths and money skills in order to lay the foundation for secondary education.

In secondary schools personal finance education should be provided on a cross-curricular basis grounded in both mathematics and Personal Social Health and Economic education (PSHE education).

¹ LearnDirect Study, cited in Credit Action. *Debt Facts and Figures* – Compiled March 2011. www.creditaction.org.uk/assets/PDF/statistics/2011/march-2011.pdf. Retrieved on 14th November 2011. p.8.

² The Insolvency Service, *Insolvency Statistics for the Third Quarter 2011*. www.insolvencydirect.bis.gov.uk/otherinformation/statistics/201111/index.htm Retrieved 14 November 2011

³ *ibid*

⁴ EdComs, *Personal Finance Education and the Curriculum*. Analysis of online survey prepared for All-Party Parliamentary Group Inquiry, September 2011.

Executive Summary

As personal finance relates to different subjects, it requires coordination and support in each school in the form of a 'champion', preferably a member of the Senior Leadership Team. Access to high quality resources and training, sourced by the school's 'champion', would make the teaching of personal finance sustainable.



Image courtesy of pteq

Personal finance education outcomes need to be assessed to be given curriculum time. A dual mathematics GCSE would offer an excellent opportunity to assess progress in the mathematical components of financial capability at Key Stage 4. However, a single GCSE need not be a barrier to the development of aspects of personal finance in mathematics. PSHE education is currently inconsistent and needs to be revised into clear strands with essential expected outcomes. One of these strands should be personal finance. Training and assessment needs to be improved in PSHE education.

Teachers should always lead on the teaching of personal finance education. However, it is recognised that there is an important role for volunteers from financial service firms and other external experts in supporting the teaching of this subject in schools. Coordination of resources and support available to schools needs to be improved and be readily accessible to teachers who are interested in using them.

Key Recommendations

The Government should promote the provision of high quality financial education in schools in England. It should do this by acting on, or supporting, the following recommendations:

National Provision

- Personal finance education should be a compulsory part of every school's curriculum.
- Resources produced by outside organisations and visits of providers to schools should be available and accessible if considered helpful by teachers and quality marked by a trusted body.

Primary Education

- Primary teachers should build upon their teaching of basic money and mathematics skills from an early age across the curriculum in preparation for secondary education.
- We welcome the Government's current proposal to increase the minimum requirement of mathematics GCSE to grade B for primary school teachers and encourage that it should be adopted.
- It would be advantageous to use the opportunity of training days to refresh the mathematics skills of primary school teachers, although we respect the right of the schools to provide training in a way they feel is appropriate.



Image courtesy of pfeq

Key Recommendations

Secondary Education

- Personal finance education should be taught cross-curricular in mathematics and PSHE education with the financial numeracy aspect of personal finance education situated in mathematics and subjective aspects taught in PSHE education. It should be packaged in an obvious and clear way to young people.
- Personal finance elements of maths should be clearly highlighted to emphasise how they relate to real life decisions. If viable, the Government should implement the Smith Report and Maths Review's recommendation for the twin GCSEs: 'Application of Mathematics' and 'Methods in Mathematics' to improve financial numeracy and ensure it is examined.⁵
- PSHE education should be clearly defined into four separate strands, one of which should be personal finance. Through reworking the PSHE education syllabus, more focused training and assessment can be developed.
- A school coordinator, or 'Champion', should be appointed in each school, preferably from the Senior Leadership Team. This 'Champion' should be given responsibility for ensuring that outcomes are achieved across maths and PSHE education, ensuring there is a clear link between the elements of personal finance taught in mathematics and PSHE education and for sourcing resources.

⁵ Smith A. (2004) *Making Mathematics Count: The Report of Professor Adrian Smith's Inquiry into Post-14 Mathematics Education*. The Stationary Office Limited 2004; Vorderman C., Budd C., Dunne R., Hart M., Porkess R., *A world-class mathematics education for all our young people*, August 2011

Introduction

APPG Inquiry into Financial Education in Schools

In March 2011 the APPG announced that it would conduct a UK-wide inquiry into the level of financial education in primary and secondary schools, entitled 'Financial Education and the Curriculum'. Led by Andrew Percy MP, a former teacher, the inquiry collected oral and written evidence from across the financial and education sectors. The conclusions and recommendations are intended to help the Government and schools build a sustainable model of personal finance education that equips young people with the skills and knowledge they need to become intelligent and responsible managers of their money.

Personal finance education already has a place in the curriculum in Scotland, Wales and Northern Ireland, with established frameworks for study. Much of the discussion, and therefore our conclusions and recommendations, are aimed at English schools and the English curriculum.

This Inquiry will be looking at personal finance education for Key Stages 1-4. This is because children face 'spend or save' decisions very early on in their lives. They are influenced by the world around them and good financial habits should be encouraged from childhood.

Inquiry Committee

Fiona Bruce MP

Jenny Chapman MP

Mark Garnier MP

Anne Marie Morris MP

Eric Ollerenshaw MP

Andrew Percy MP (Inquiry Chair)

Justin Tomlinson MP (APPG Chair)

Terms of Reference

- Establish what financial education provisions already exist, both within the curriculum, and through other activities at school in the UK
- Establish what models of financial capability education are most effective in primary and secondary schools, addressing such questions as how personal finance education can be made sustainable and the optimum key stages for teaching personal finance education.
- Determine how more schools can be encouraged to teach personal finance education.
- Assess how to train teachers to excel at teaching personal finance education and how teachers can be better supported.
- Assess the effectiveness of corporate engagement in financial education initiatives.
- Examine whether there are examples of international or devolved administration best practice, from which England can learn.
- Establish what the model for personal finance education in the English curriculum should look like.

Personal Finance Education Definition

In this report the term 'personal finance education' is defined as the programme of study which will deliver financially capable school leavers: young people who have the knowledge, skills, attitudes and behaviours to manage their money well.

Personal finance education equips young people to manage their own money for their own future. Financial decisions often do not have a right answer, but depend on the preferences and circumstances of the individual making them.

Enterprise education is different from personal finance education because it is about starting and running a business. However, these two subjects complement each other because personal financial education can provide the fundamental skills required for setting up your own business.

Inquiry Process

In March 2011, the All-Party Parliamentary Group on Financial Education for Young People conducted a survey of teachers to understand how financial education is being delivered in schools and how teachers feel it should fit into the curriculum. The survey was conducted online, via survey monkey. The survey was promoted to teachers through a number of different avenues. These included a link on the All- Party Parliamentary Group's website, the websites of various supporting organisations and in the moneysavingexpert.com newsletter. A total of 852 teachers across the UK completed the survey. After fieldwork was complete, communications and research agency EdComs were given access to the survey data in order to analyse the results.

In addition, the inquiry has received 41 written submissions from the education sector, financial services industry, student representation bodies and individuals. These submissions can be accessed online.⁶

In order to further investigate evidence provided by outside organisations, the inquiry has examined 38 witnesses from the education sector across the UK, the financial services industry and independent commentators. Transcripts of the evidence session are available online.⁷

The inquiry also looked at other existing research evidence on the impact of personal finance education in school and international experience.

A list of all the organisations who contributed to the inquiry can be found in Appendix I.

⁶ www.pfeg.org/appginquiryevidence

⁷ www.pfeg.org/appginquiryevidence

Introduction

Context of the Inquiry

This inquiry is taking place against the backdrop of a number of reviews and policy developments, which could significantly change the curriculum in English schools and the way it is taught.

The Schools White Paper, 'The Importance of Teaching', sets out how the government plans to reduce central control and transform the teaching profession, including reforms to initial teacher training and Continuing Professional Development. The Education Bill, which is intended to effect these changes, is currently making its passage through Parliament.

The Government is also reviewing the National Curriculum and will consult on programmes of study for Mathematics, English, Science and Physical Education in early 2012. In July this year, the Government launched its review of PSHE education, assessing what essential knowledge and awareness pupils need to be taught so that they understand the world around them and are able to manage their lives.

At the same time schools are being encouraged to move away from local authority control. New types of schools, such as Academies and Free Schools, will not be required to teach the National Curriculum at all, although they will be directly accountable to local communities, their sponsors, Ofsted and the Department for Education.

Furthermore, the Government will shortly launch a new inspection framework for Ofsted, which will mean that fewer core aspects are inspected, but in greater depth.

Why Is Personal Finance Education Important?

"We have a vicious cycle of financial illiteracy and debt to break in this country...financial education in schools would make a massive difference." MARTIN LEWIS, moneysavingexpert.com

Children are increasingly exposed to money issues at a very young age. A study by pfeg found that almost all (98%) of the 11-17 year olds they spoke to had money of their own.⁸ This implies a need to manage and control money from an early age.

⁸ Personal Finance Education Group, *Money on Our Minds*. July 2010

Introduction

By the time children reach the age of 17 more than half of them are, or have been, in debt.⁹ On finishing education young people immediately face tough monetary decisions, for instance, whether or not to go on to higher education, a decision which will affect the rest of their lives.

Leaving education and starting to live independently brings many challenges for young people, as they need to learn to juggle the many bills which have to be paid as well as dealing with banks, utilities and mobile phone companies, often for the first time. In an online survey of over 1,000 individuals between the ages of 16-25 years by YouthNet this year, 66% were worried about being in debt.¹⁰

Unfortunately, young people are generally ill-equipped to deal with the challenges they face when living independently, as shown by a YouGov survey that found 70% of 18-24 year olds were in debt.¹¹ In a baseline survey of financial capability in the UK,¹² the Financial Services Authority (FSA) found that people in their 20s were the least capable age group at making ends meet, choosing financial products and planning ahead. These are all critical skills for managing money. The low financial capability of young people was significant even after allowing for differences in income. For many young people therefore, the lessons on personal finance at this stage in their lives will be learned through bitter experience.

Many parents can, and do, pass on good money management skills to their children. An online survey for Capital One found that over 80% of parents thought their children should learn about money directly from them.¹³ However, a survey by M&S Money has found that some 14-18 year olds are given no help on basic money matters by their parents.¹⁴ Moreover, 19% of parents have never discussed how to spend money with their teenagers and 32% have yet to discuss how to budget or even describe what one is.¹⁵ A Dutch study, based on financial capability surveys, found that children of financially illiterate parents were particularly likely to spend money rather than save it, to ask their parents for money and have debts.¹⁶ Research has shown that 43% of parents do not know what basic financial terms like APR or PPI mean.¹⁷ It is therefore particularly important that children are given the opportunity to learn how to manage their money regardless of parents' ability to provide this at home.

⁹ Research by EdComs, quoted in *My Money: Primary Parents' Guide*, Department for Education. June 2009

¹⁰ Di Antonio, D., *Fear and hoping in the UK: Today and tomorrow through young peoples' eyes*. YouthNet, 2011. Retrieved 11 November 2011, www.youthnet.org/wp-content/uploads/2011/10/Fear_andhoping.pdf

¹¹ Raynar services "Why do young people pay more?", 2008

¹² Financial Services Authority, *Financial Capability in the UK: Establishing a Baseline*. March 2006

¹³ Capital One, www.capitalone.co.uk/media/media-centre.jsf, July 2011, retrieved 11 November 2011

¹⁴ Credit Action. *Debt Facts and Figures* – Compiled March 2011. www.creditaction.org.uk/assets/PDF/statistics/2011/march-2011.pdf. Retrieved on 14th November 2011. p.8

¹⁵ *ibid*

¹⁶ Centiq. *Correlations in financial behaviour between children and their parents*. September 2008

¹⁷ Capital One, www.capitalone.co.uk/media/media-centre.jsf, July 2011, retrieved 11 November 2011

Introduction

More generally, around one in four economically active adults is functionally innumerate.¹⁸ A survey by the UK Payments Council has found a notable lack of knowledge around the meaning of some of the most common financial terms, for example, only 36% of people understand that the term APR relates to payments.¹⁹ This falls further to 31% amongst young people aged 18-34.²⁰ Furthermore, research by the Financial Services Authority found low levels of financial capability throughout the UK population.²¹ This included, for example, a failure to understand risk, to plan ahead, to save for a 'rainy day', or to compare financial products before buying.²²



Significantly, lack of financial education has cost Brits nearly £250 million in charges and penalties alone, with almost a quarter (24%) having been hit by charges because they don't understand the terms and conditions of financial products, according to research from uSwitch.com.²³ Moreover, almost three quarters of Brits (71%) say that a lack of basic personal financial understanding is to blame for debt.²⁴ It is vital that we ensure that the next generation is better equipped to make informed financial decisions.

It has been shown that poor money management can have an adverse effect on health. A study for the Money Advice Service²⁵ found that financial capability has significant effects on psychological health, over and above those associated with income and material wellbeing more generally. Greater financial capability had a much greater effect on mental wellbeing than increases in household income.²⁶ The researchers also found that having low financial capability exacerbated the psychological costs associated with unemployment and divorce.²⁷

¹⁸ Lord Leitch, *Prosperity for all in the global economy – world class skill*. HM Treasury. 2006

¹⁹ Credit Action. *Debt Facts and Figures* – Compiled November 2011. <http://creditation.org.uk/assets/PDF/statistics/2011/november-2011.pdf>. Retrieved 14 November 2011. p.8

²⁰ *ibid*

²¹ Financial Services Authority, *Financial Capability in the UK: Establishing a Baseline*. March 2006

²² *ibid*

²³ Credit Action. *Debt Facts and Figures* – Compiled March 2011. www.creditation.org.uk/assets/PDF/statistics/2011/march-2011.pdf. Retrieved on 14th November 2011. p.8

²⁴ *ibid*

²⁵ Taylor, M., Jenkins, S., Sacker, A. *Financial Capability and wellbeing: Evidence from the British Household Panel Survey*. May 2009

²⁶ *ibid*

²⁷ *ibid*

Introduction

It is clear that schools think personal finance education is increasingly important. The FSA asked the same question to UK schools in 2006 and found only 27% of schools favoured compulsory personal finance education in primary schools, and 69% in secondary schools.²⁸ In our survey, 94.2% of schools said they thought it should be taught. Over two-thirds (64.9%) favoured compulsory teaching of personal finance education in primary schools, and nearly all (95.5%) favoured compulsion in secondary schools.

“Financial education is a key aspect of life... At school you learn about major things that affect your life in a fair amount of detail. However, financial education is only briefly touched upon in most schools. How can people be expected to move out of home, to manage bills and higher fees for education whilst avoiding getting into debt with no background knowledge of how to handle their money efficiently? People should be taught how to avoid getting into debt.” ALEX HARMAN, Arun Youth Council

It has been made clear to us throughout this inquiry that schools want to teach personal finance education and that children and young people think it is important to learn about money. 79% of parents felt it was important that children of 9/10 years should learn about money and financial matters at school.²⁹ Many witnesses spoke of financial capability as an essential life skill and considered personal finance education as important as mathematics and literacy. Despite the considerable challenges, 44% of schools do teach personal finance education in some form, reflecting the importance they attach to the subject for their children and young people.

Managing money is a vital life skill. Children are exposed to money issues early in their lives, but many young people leave school unprepared to deal with the financial challenges of living independently. As a result, they risk getting into unmanageable debt or experiencing poor psychological health. When it comes to money matters, many parents are not equipped to be the best educators. To overcome the disadvantages many children face it is essential to teach personal finance education in schools.

“Managing money is probably the fairest of all starts you can get. Even if you do not have much money, but you can budget well, you have a much more effective, happy, contented life. Economic wellbeing is the basis of all success, really, in that sense.”

DAVID KENNEDY, Headteacher of John Warner School

²⁸ National Centre for Social Research. *Personal Finance Education in Schools: A UK Benchmark Study*. Financial Services Authority. June 2006

²⁹ Personal Finance Education Group. *What Money Means*. 2010

Current Provision of Personal Finance Education in Schools

There is no statutory requirement to teach personal finance education in England. However, personal finance education in schools was introduced as a non-statutory element of the National Curriculum in 2000 as part of the personal, social, health and economic education framework. In 2007, the Qualifications and Curriculum Agency³⁰ produced programmes of study for a new non-statutory curriculum area for 11-16 year olds: economic well-being and financial capability. These programmes set out the key concepts, skills and processes that students should acquire.

The Ofsted framework for school inspections is currently under review and the requirement for schools to demonstrate how they are providing for pupils' economic wellbeing will be lifted. There are no plans to make schools accountable to Ofsted for personal finance education.

Where is financial education currently delivered?

Of all the teachers who responded to our survey, 45% reported that their school taught financial education, with higher prevalence among secondary teachers than primary teachers (55% compared to 31%). Where personal finance was taught this was most commonly being delivered through PSHE education, closely followed by mathematics and Citizenship. More than a third of teachers reported that financial education was already being taught in a cross-curricular way.



Image courtesy of pfeq

A Sheffield Hallam University study found that personal finance education was timetabled as a standalone subject in only 6% of schools (KS1); 12% (KS2); 7% (KS3 and 4).³¹

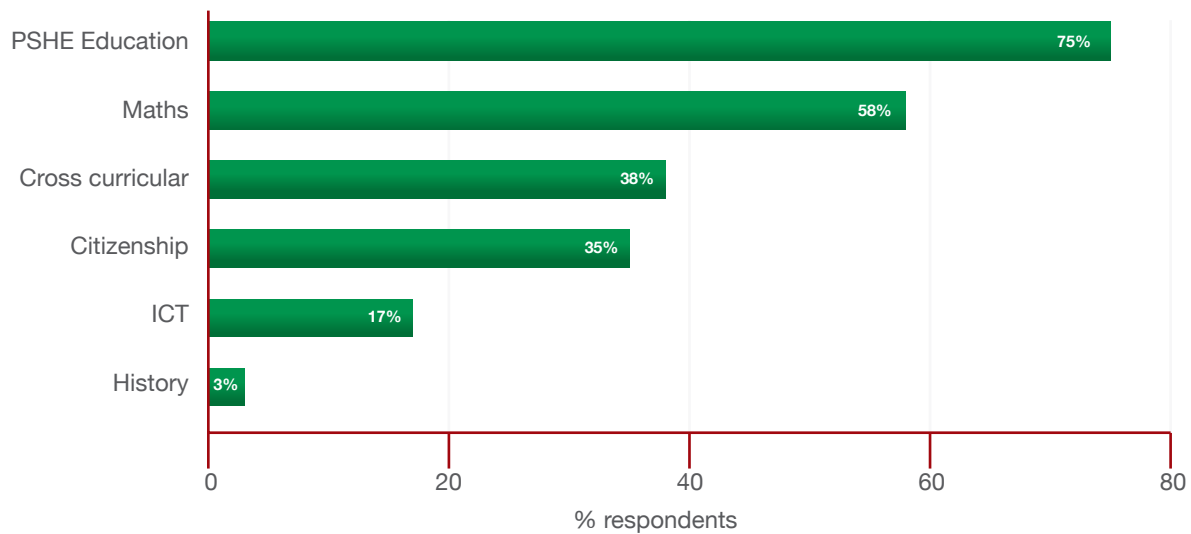
³⁰ Now the Qualifications and Curriculum Development Agency

³¹ Centre for Education and Inclusion Research, Sheffield Hallam University. *PSHE Education: A mapping study of the prevalent models of delivery and their effectiveness*. Department for Education. Research Report DFE-RR080. January 2011

Current Provision

Fig. 1 Subjects in which financial education is taught (multimode)

Base: All teachers who responded and whose schools teach financial education (313)



“Financial Education has always been part of PSHE and defined in a national framework since the 2000 National Curriculum.” JAN CAMBELL, PSHE Association

“There is some evidence for the fact that the issues that surround finance are in place within functional skills and maths.” DAVID BLACK, Headteacher for Alsager School

Our findings on where personal finance education is currently taught in schools are similar to those found by the FSA and Learning Money Matters research. In 2006, the FSA commissioned a benchmark study of over 1000 primary and secondary schools across the UK.³² Personal finance was most often taught in mathematics or PSHE education (or devolved administration equivalents), and in Business Studies in secondary school. More recently, the 2009 Evaluation of Learning Money Matters³³ took an in-depth look at the teaching of personal finance education in 28 secondary schools. A majority delivered personal finance education as part of PSHE education, although some also integrated it with mathematics, Citizenship, enterprise education or work-related learning.

The inquiry was particularly interested in where personal finance education would best fit in both primary and secondary schools’ already crowded timetables.

³² National Centre for Social Research. *Personal Finance Education in Schools: A UK Benchmark Study*. Financial Services Authority. June 2006

³³ Spielhofer, T., Kerr, D., Gardiner, C. *Evaluation of Learning Money Matters*. National Foundation for Educational Research. September 2009

Current Provision

Primary Education

Throughout our oral evidence sessions, there was a common view that mathematics and PSHE education were the most appropriate subjects in which to place personal financial education. At primary level, in our survey, 60% of teachers felt that financial education should be integrated across the curriculum; 31% thought that themed days or weeks would be most effective and one out of ten felt that a separate subject would be best.

Case study

Eco Savings Project – St George the Martyr CE Primary School

The children were tasked with ensuring the school saved electricity by turning off lights when they were not needed. The money they saved went back into the school council's budget, which could then be used for other activities.

Secondary Education

Analysis of all evidence received relating to secondary education has led us to believe that mathematics and PSHE education are the most appropriate subjects to cover the various aspects of personal finance. The inquiry was made aware from the Mathematical Association that maths teachers have various views on the inclusion of personal finance in their subject. Objections were primarily concerned with personal finance sitting wholly in the subject of maths. However, they had no objection to cross-curricular provision to ensure that the other aspects of personal finance that do not sit comfortably in numeracy are provided elsewhere.

“Its natural resting places are, as you have said, in mathematics and PSHE education...I think my concern if it were only to be in mathematics is that it is not just about mathematical skills...Young people may get the skills, the mathematical skills, the ability to do calculations and to understand money, and to manage budgets from that point of view, but, actually, most of the reasons people get into debt are their personal, social, emotional situations that they are in...So I think that is where PSHE education comes in.”

JAN CAMPBELL, PSHE Association

“The mechanics is maths, I would suggest, but I think it is much broader than that. This is a way of thinking, a way of behaving. It is not maths. Therefore, I would say the core would be PSHE.”

PETER BULL, HSBC

In our teachers' survey some respondents specified which subjects financial education should fit into, such as PSHE education or Citizenship (12%), or mathematics (10%), while others felt that it should be cross-curricular (9%) or should have its own discrete place in the curriculum (6%).

Non-statutory programmes currently available

A number of qualifications and awards in personal finance do exist, from entry level to Level 3. A list can be found in Appendix III. The numbers of students taking these qualifications are increasing, with 26,180 sitting IFS qualifications (Levels 1,2,3) in 2010/11, up from 6,446 in 2006/07, and they clearly have a role to play in improving young people's personal finance. Ofsted concluded that accredited courses leading to a formal qualification 'inspired a more coherent curriculum and sharper focus on the learning outcomes students were expected to achieve'.³⁴ Nevertheless the study also noted that only a minority of students took personal finance qualifications.³⁵

A range of examinations currently exist at Key Stage 4 which include elements of personal finance education. These are administered by organisations such as the IFS and ASDAN, both of whom contributed oral evidence to the inquiry. In these cases students opt for them and they are therefore not studied by the whole cohort. However, useful as they are, such qualifications remain likely to reach relatively few students and are not a practical consideration for universal personal finance education.

Conclusion

Whilst the means of delivery of personal financial education differ at primary and secondary levels, there is a consistent lack of provision across a young person's education. It is important that all schools provide a good level of financial education so that young people have the equal opportunity to learn about personal finance.

There were a range of views on how financial education should best be integrated into the curriculum, although the general consensus is that it best fits in mathematics and PSHE education.

Content of personal finance education

When teachers were asked what financial education should look like in the English curriculum, many mentioned specific topics, such as: budgeting to avoid debt (24%); borrowing, loans and interest rates (13%); or understanding how banks and bank accounts work (7%). Practicality and relevance of the topics was particularly important to around a fifth of teachers (21%) or making financial education an integral part of the curriculum for all pupils (19%). There are a number of aspects of personal finance that were frequently raised as important for students' financial capability in the oral evidence sessions. These primarily included financial products, bank accounts, loans and budgeting.

³⁴ Office for Standards in Education, Children's Services and Skills. *Developing Financially Capable Young People*. Ofsted. 2008

³⁵ Ibid

Current Provision

“I definitely think that young people should know about bank accounts and overdrafts and different kinds of loans available.” CHRISTINA ROSS, Young NCB My Money Young Advisor (age 18)

“I think the most prominent aspects of financial education should be student loans, setting up a bank account and knowing how to work out interest.” KADEEM GRAHAM, Young NCB My Money Young Advisor (age 15)

There was a general agreement during the inquiry that personal finance education should be taught progressively to build upon the skills pupils learn at different Key Stages. This should begin with basic money skills at the Early Years Foundation Stage and progress to ensure that young people are prepared for the financial challenges of living independently, in coordination with the development of mathematics.

Primary Education - What and where?

The National Curriculum defines the ten subjects that make up the primary school curriculum, which all have programmes of study. Mostly, the subjects are all taught by the same teacher throughout the year. Some programmes have levels of attainment and others have end of Key Stage Statements. The teacher will band children according to their abilities within the classroom. Teachers are expected to plan and assess learning, and tend to teach in themes or topics, requiring them to put together pieces of content to help it make sense to children. However, English and mathematics are usually planned for and taught as separate subjects.

Pupils at Key Stages 1 and 2 are taught a basic level of money skills and mathematics to lay the foundation for Key Stages 3 and 4. Understanding mathematics from an early age is critical to an individual's development. It is therefore very important at the early Key Stages. The UK performs poorly in international league tables for mathematics proficiency. Therefore all levels of mathematical literacy need to be improved if we are to compete in an increasingly globalised economy.

Case study

Financial Capability in Reception Class

The classroom was turned into a grocery and children were given play money in a purse or wallet to spend in the shop. The children had to work out what coins they needed to use to buy the vegetables or fruit they wanted. The lesson provided an opportunity to teach children about the different value of coins, addition and what they can purchase. This was followed up a few weeks later with a similar scenario of a bakery. Observation revealed that some of the children had really grasped the concept of matching the correct coin to the correct amount and several children asked if they could use handbags to put the money in so that it was safe.

Current Provision

It is vital that children are able to calculate basic sums and do mental arithmetic by the time they leave primary school. The Training and Development Agency for Schools show in their recent figures that in 2009/10, one in five trainee teachers failed both the numeracy and literacy tests first time round.³⁶ This relates to the situation where most primary PGCE students gave up studying mathematics at age 16. Therefore, urgent steps need to be taken to improve the mathematics background of teachers in primary schools, in particular where teachers routinely cover all subjects as highlighted by the recent review of the mathematics curriculum 'A World-class Mathematics Education for All our Young People' (Maths Review).³⁷ The Inquiry understands that the Government has plans to make the tests for teachers tougher and to limit the number of re-sits.³⁸

Secondary Education – What and where?

Mathematics

Mathematics lays the basis for personal finance education, however, there are currently very low levels of achievement with almost half of students in 2010 receiving a grade below C in GCSE mathematics. The OECD's Programme for International Assessment (PISA) results from 2009 show the UK placed 28th among the 65 participating countries or sub-country areas for mathematics.^{39 40} A more in-depth study in 2006 found that a significant percentage of students in the UK failed to achieve the lowest level of mathematical literacy (that is, achieving level 2). Among OECD countries the UK was 16th in its upper ranking and 21st in its lower ranking.⁴¹ It is clear that mathematics skills in England need to improve at all stages across the UK.



There has been some discussion about whether the current GCSE mathematics is adequate. Our findings are further supplemented by the Maths Review, which argues that the current GCSE mathematics is not fit for purpose. The Maths Review emphasises the value of mathematics for all children and young people, as well as their future employers. In particular the Review highlights the limited ability of young people to apply what they have learned in mathematics to the workplace.⁴² We are very conscious that maths should remain challenging and that we are able to compete internationally.

³⁶ www.dailymail.co.uk/news/article-2058362/UK-education-Fifth-trainee-teachers-sums-spell.html#ixzz1d0sPxxlw

³⁷ Vorderman, C., Budd, C., Dunne, R., Hart, M., Porkess, R. *A world-class mathematics education for all our young people*. August 2011

³⁸ Department for Education. *Initial Teacher Training (ITT) Strategy Implementation Plan*. November 2011

³⁹ OECD PISA 2009. *Results: Executive Summary* p.8. OECD. 2010

⁴⁰ Four areas of China (Shanghai, Hong Kong, Taipei and Macao) participated separately in PISA 2009. All scored higher than the UK on the mathematics scale

⁴¹ OECD PISA database; *Science Competencies for Tomorrow's World*. Figure 6.20b. 2006 <http://dx.doi.org/10.1787/142046885031> Retrieved on 15th November 2011

⁴² Vorderman, C., Budd, C., Dunne, R., Hart, M., Porkess, R. *A world-class mathematics education for all our young people*. p. 53. August 2011

Current Provision

In order to address this, the Maths Review proposes a new curriculum offering two GCSEs.⁴³ These would be termed ‘Application of Mathematics’ and ‘Methods in Mathematics’. They would have a different focus, but would ensure that students receive the core common content if they opt for one GCSE.⁴⁴ Significantly, the ‘Application of Mathematics’ GCSE would be designed to address the students’ lack of functionality by addressing real-world problems, for example financial mathematics and data handling. This GCSE would help students to develop the skills required to work out personal finance issues. This corresponds to recommendations in the Smith Report⁴⁵ for the redesigning of GCSE mathematics into two GCSEs. It is also argued that a new system of two GCSEs would address the variability of students’ attainment and improve the standard of mathematics overall.⁴⁶ The inquiry supports these proposals.

Nevertheless it is possible that our recommendations to improve personal finance education through mathematics can be delivered in a single GCSE, by repackaging existing aspects within the curriculum. Many elements of financial education are already there. Accordingly, they need drawing together into a defined package so young people know that what they are learning will improve their financial capability.

“It is part of the existing specification in functional skills within mathematics.”

DAVID BLACK,
Headteacher of Alsager School

There is also a lack of mathematics teachers, which needs to be urgently addressed by the Government. Without good quality teachers, even mandatory personal finance education will not properly equip pupils with the skills they need to make financial judgments in later life.

Following the extension of compulsory education from 16 years old to 18 years by 2013, the inquiry believes it would be beneficial to include some compulsory element of maths or numeracy skills in the curriculum. This would be welcomed by the business community as it would better prepare young people for the challenges of the workplace. The Maths Review provides an example of how maths provision can be adapted to the different needs of the student. The route-map outlined in the Review separates provision into four strands based on the potential future destination of the student. The inquiry recognises that further education provides an important opportunity to develop personal finance capability that is tailored to the prospective needs of students post-18 years.

⁴³ Vorderman, C., Budd, C., Dunne, R., Hart, M., Porkess, R. *A world-class mathematics education for all our young people*. p. 53. August 2011

⁴⁴ Vorderman, C., Budd, C., Dunne, R., Hart, M., Porkess, R. *A world-class mathematics education for all our young people*. p. 57. August 2011

⁴⁵ Smith, A. *Making Mathematics Count: The Report of Professor Adrian Smith's Inquiry into Post-14 Mathematics Education*. The Stationary Office. 2004

⁴⁶ Vorderman, C., Budd, C., Dunne, R., Hart, M., Porkess, R. *A world-class mathematics education for all our young people*. August 2011

Conclusion

Maths enables students to develop financial numeracy, which can be improved with a slight repackaging of its the current content.

A dual mathematics GCSE would offer an excellent opportunity to assess progress in the mathematical components of financial capability at Key Stage 4.

Personal, Social, Health and Economic Education

The provision of PSHE education in schools is currently inconsistent. Research by Sheffield Hallam University⁴⁷ into the effectiveness of PSHE education found that personal finance education was delivered with the following frequency:

Frequency	Percentage of schools		
	KS 1 and 2	KS 3	KS 4
Once a week	5	7	8
Up to once a month	6	7	7
Up to once a term	30	20	22
Once a year or less	59	66	63

There are a number of reasons for the variation in PSHE education provision. Many PSHE education teachers are not trained in the relevant topics and specifically not in personal finance. We heard that it is not uncommon for teachers to be allocated PSHE education in order to fill their timetables. In short, PSHE education is often not taken seriously or well taught, especially at secondary school.

“I just find [PSHE] boring, there is nothing interesting. All we do in the class is just chill because there is nothing that interests us in that class”

KADEEM GRAHAM, Young NCB My Money Young Advisor (age 15)

“Nobody takes [PSHE] seriously but I think if they had the right teachers that knew what they were talking about and had experience then it would make it more interesting.”

BETH GREEN, Arun Youth Council (age 14)

“My school..have introduced two lessons [of personal finance education] in PSHE..I thought it was really interesting because, personally, I learnt a lot and a lot of my peers said they learnt lots too.” AISHA NAGEEN, Young NCB My Money Young Advisor (age 17)

⁴⁷ Centre for Education and Inclusion Research, Sheffield Hallam University. *PSHE Education: A mapping study of the prevalent models of delivery and their effectiveness.* Department for Education. Research Report DFE-RR080. January 2011

Current Provision

There are some examples of good practice in PSHE education in relation to personal finance issues.

Case study

Stratford High School - PSHE lessons on personal finance

PSHE education and mathematics staff co-planned a financial education project. Students were given fictitious families and a holiday budget. They researched travel and accommodation costs, planned how much to spend on food and entertainment (based on real costs for their destination) and learnt about different currencies. In PSHE they explored the benefits of holidays, the risks attached to lost luggage, cancelled flights and accident or ill health, looked at health issues such as sun safety and explored personal safety and cultural issues. In mathematics they developed and used mathematics skills to calculate exchange rates and insurance costs, exploring the probability of problems occurring and severity of impact if they did. The students enjoyed the link between the subjects and teachers were delighted at the standard of learning.

Students learnt to:

- plan and manage a budget
- explore and manage risks related to personal and financial situations
- show respect for people different from themselves
- find information about financial products
- use mathematical skills in real-life contexts

Case study

Oriel High School, West Sussex- PSHE lessons on personal finance

As part of a PSHE education module on financial decision-making students were given character profiles for young people moving towards independent living (going to university or leaving home and starting work). They placed themselves in the shoes of their character in order to plan budgets for them. They explored their wants and needs and had to balance housing, social life, academic life, and healthy lifestyle choices. Once they had drafted their budget they checked their food and household goods plans with a mock shop at the local supermarket. The budgets and follow-up discussions were used to assess learning.

Students had learnt to:

- make financial plans
- balance a budget
- explore attitudes to needs and wants for later in life.

Current Provision

In addition, evidence from Ofsted suggests that personal finance education needs suggests that personal finance education needs a clear focus within schools.⁴⁸ Clearer outcomes for PSHE education could therefore benefit teachers in simplifying what they need to teach, and subsequently students by improving their understanding and experience. A simplified framework where PSHE education is delivered in coherent strands, including a strand focusing on personal finance, would improve the provision of this subject.

Conclusion

PSHE education needs to be improved to ensure that young people benefit from this useful subject. Setting clear outcomes and providing the right support to teach PSHE education would be a good start.

Champion and cross-curricular teaching

It is clear from the evidence collected in our inquiry that there needs to be better coordination of personal finance education in schools.

“You can go from a maths lesson to a citizenship lesson and do compound interest and do a completely different thing, which can be quite confusing.”

HARLAN GERAETS, Arun Youth Council (age 16)

“There needs to be somebody who is in charge of it in the school.”

BARBARA BENSON, ASDAN

This is supported by the Sheffield Hallam University study into the effectiveness of PSHE education which concluded that coordination and senior leadership support were vital.⁴⁹

A ‘Champion’ can better coordinate resources and monitor personal financial education in schools, and generate greater accountability for outcomes. Having a champion, preferably from within the Senior Leadership Team, need not increase burdens on schools or staff.

“If you asked me for the number one thing, that is have a senior member of staff responsible for it as the champion, who has enough resources or enough clout to draw people to work at it. Then you will find it will come together.”

DAVID KENNEDY, Headteacher of The John Warner School

⁴⁸ Office for Standards in Education, Children’s Services and Skills. *Developing Financially Capable Young People*. Ofsted. 2008

⁴⁹ Centre for Education and Inclusion Research, Sheffield Hallam University. *PSHE Education: A mapping study of the prevalent models of delivery and their effectiveness*. Department for Education. Research Report DFE-RR080. January 2011

Current Provision

Conclusion

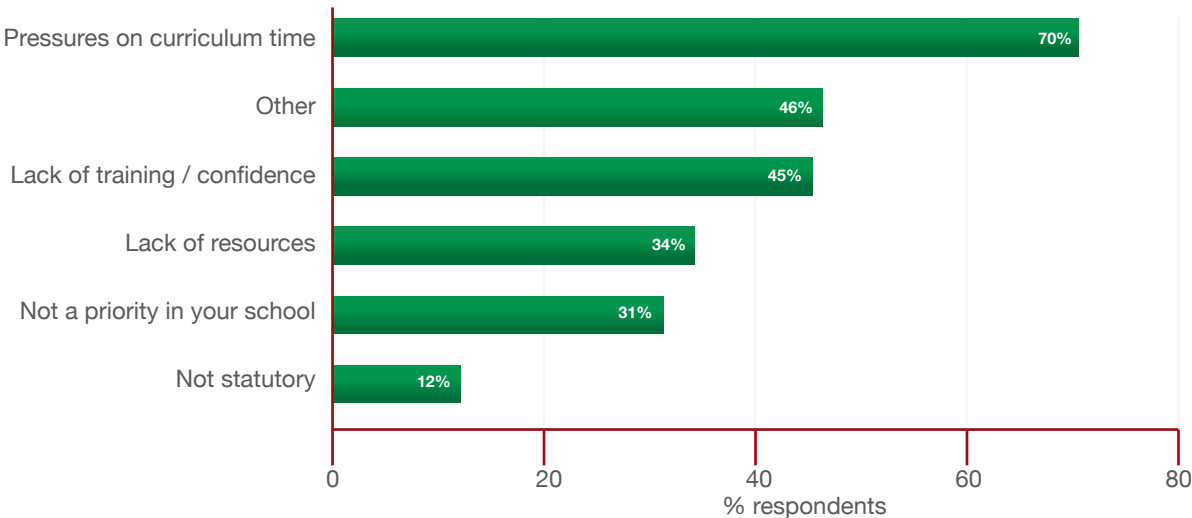
Personal Finance relates to different subjects and therefore requires coordination in each school and support from senior staff.

Breaking down the barriers to teaching personal finance in schools

There are currently a number of barriers to schools teaching personal finance education. In our survey, among schools who did not deliver financial education, the most predominant reasons given by teachers were the pressure on curriculum time, the lack of statutory requirement or lack of priority within the school. Lack of resources and lack of training or confidence were also barriers for around a third of teachers.

Fig 2 Reasons for not delivering financial education (multicode)

Base: All teachers who responded (392)



For teachers whose schools provided personal finance education, only 43% had received training or advice to teach the subject, or were aware that their colleagues had done so.

Our findings about barriers to teaching financial education in schools are consistent with earlier surveys. In the FSA’s 2006 survey, lack of curriculum time also emerged as the main reason why schools did not teach personal finance education.

“In a school in a Curriculum and in a time when you are answerable for results and this, that and the other, and how many hours of literacy have you done, how many hours of numeracy have you done, have you done your two hours of sport -- and all those things -- by that point, you have no space left in the Curriculum to timetable anything. Unless you are accountable for it, it is going to get squashed out.”
AMANDA SZEWCZYK-RADLEY, St Michael’s CofE Voluntary Aided Primary School

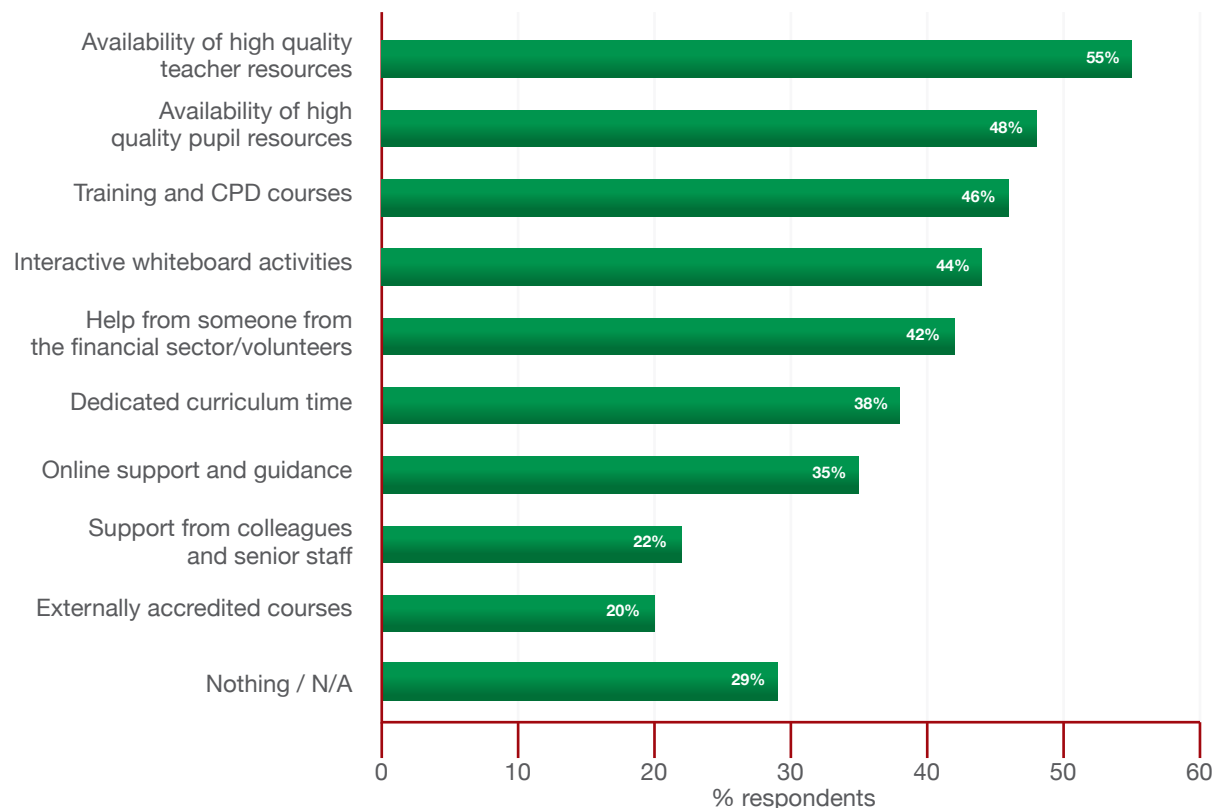
Current Provision

The 2008 Ofsted study reached similar conclusions and identified the main barriers as a lack of sufficient curriculum time, teachers' lack of confidence, and low awareness of available resources and support. The Learning Money Matters evaluation found the main challenges to be competing demands in the PSHE education curriculum, finding interested and enthusiastic staff, the time needed to prepare and coordinate delivery of personal finance education, finding suitable resources, and a lack of teacher subject knowledge and confidence. These issues clearly need to be addressed in order for personal finance education to be improved or delivered in schools.

When asked how the teaching of financial education could be made sustainable in their school, teachers in our survey provided a number of responses. Around half of teachers mentioned high quality teaching resources, high quality pupil resources or, more specifically, interactive whiteboard activities and teacher training. Support from financial experts, online support or support from colleagues and senior staff within their school were also considered important for sustainability.

Fig 3 How can/could the teaching of financial education be made sustainable in your school? (multicode)

Base: All who responded (852)



In relation to statutory requirements, dedicated curriculum time was deemed a key aspect of making financial education sustainable by 38% of teachers. However, only 20% felt that externally accredited courses for Key Stage 4 and 5 pupils would make financial education sustainable.

Current Provision

Conclusion

Schools face significant barriers to teaching personal finance education, including pressures on curriculum time, no statutory mandate, lack of teacher subject knowledge and confidence and lack of awareness of suitable resources. There is currently little teacher training for personal finance education. Initial teacher training and CPD provides a good opportunity for teachers to develop the confidence and skills to teach the subject.

Access to high quality resources and training is important to assist teachers with providing personal finance education.

Initial Teacher Training and Continuing Professional Development

Teachers enter the profession through a variety of routes, from first degree to post-graduate education, leading to large elements of 'on the job' training. Therefore there can be discrepancies in the proficiency of teachers in relation to their knowledge and confidence to teach personal finance. In our survey, of those schools which provided personal finance education, only 43% had received training or advice to teach the subject, or were aware that their colleagues had done so.

Financial aspects of personal finance education can be delivered in maths through relating elements such as percentages to real-life examples. Mathematics teachers will already have received training for these areas. Nevertheless, some problems with initial teacher training for primary teachers in relation to maths have been highlighted by the Maths Review.

“I think that topics that are not necessarily interesting you can make them interesting if you teach them in the right way.” AISHA NAGEEN,
Young NCB My Money Young Advisor (age 17)

“Specialist training is needed, perhaps specialist teachers, so that they can teach it and understand it themselves. I am sure many teachers do not properly understand finances at all either and that is the issue, how it can be taught and who by.”

KATIE EMMS, Arun Youth Council (age 17)

Initial teacher training does not include lectures on PSHE education, or classroom exposure on the subject. There are no PGCE courses specialising in PSHE education. During their newly-qualified year, teachers are entitled to a programme of training to enhance their initial training.

Current Provision

The Sheffield Hallam study found that in primary schools the vast majority of teaching staff had no qualifications, accreditation or CPD training relevant to PSHE education. The Sheffield Hallam study estimated that just 3% of staff providing PSHE education in primary schools had a recognised qualification from the national PSHE education CPD programme and a further 1% had some other form of accredited learning relevant to PSHE education. In secondary schools, 5% of staff held the CPD qualification. The study also found that primary staff were more likely to have attended non-accredited training, including in-house and INSET days. Of secondary schools, only 28% agreed with the statement 'It is easy for my school to release PSHE education teaching staff to attend CPD opportunities' and 21% said that it was easy to fund such opportunities.

Training and continuing professional development (CPD) is at the discretion of schools, so will depend on the school's priorities and the money they have available to fund training.

Conclusion

We recognise that initial teacher training and CPD training would provide an opportunity improve PSHE education and the provision of personal finance within this subject. However, we believe that schools should retain the choice on how these training opportunities are used to ensure that they remain relevant to local needs.

Resources and support

There is a great deal of support for schools in teaching personal finance education.⁵⁰ However, our survey findings suggest that external resources are currently not fully utilised. Only a quarter of teachers reported that their school used services or volunteers provided by the financial services sector (24%). The most common responses included: receiving speakers or volunteers at their school; utilising NatWest/RBS volunteers or services; utilising pfeg resources or advisors; using Barclays resources or accessing resources or volunteers from another bank or building society.

“Maths teachers are not always looking so much for classroom support, but they are looking for good tools and good resources that they can use... there is still a huge appetite, not just to have the resources, but to have the support from Natwest or RBS, wherever appropriate, if it is at all possible. I think the demand probably far outweighs the supply that we have and we try and help as best we can with as many schools as possible.” JEN COLEMAN, RBS

⁵⁰ A list of resources available can be found on the following website: http://www.pfeg.org/teaching_resources/resources/index.html

Current Provision

“Teachers teach. Teachers understand how to teach. We are not teachers. So I think there is a valuable role for volunteers helping teachers, and certainly, through What Money Means, we have had many, many hundreds of our people supplementing and complementing the teachers’ work, very much doing what the teacher wants us to do. That is always agreed between the teacher and the volunteer. We are not teachers and teaching is a skill which needs to be applied properly. So I think that is definitely the only way we can do it.” PETER BULL, HSBC

Outside organisations have the potential to boost the teaching of personal finance education in schools. However, schemes must be quality checked and it is clear that there is no capacity for it to be delivered universally by providers. A Quality Mark would ensure that teaching resources are linked into the current curriculum and that organisations do not market financial products or services.

“It has to be linked into the curriculum. It has to be pretty well about financial education...Must not be about marketing and branding...It has to be tested with teachers. It has to have a teacher’s notes....I think [this] is enormously important...for several reasons. It think it gives teachers confidence that the materials have been looked at by educationalists rather than a commercial organisation, that it is fit for purpose.”

WENDY VAN DEN HENDE, pfeg

Furthermore, resources provided by financial services firms – excellent though many are – are not tailored to individual schools’ needs or put in a local context. Schools value a bespoke service as it helps meet the specific needs of their students. Therefore teachers should use providers to enhance their lessons and lesson plans if considered helpful, but should not rely on them.

Conclusion

Volunteers from financial services firms and other external experts play an important role in supporting the teaching of personal finance education. However, personal finance education should always be led by teachers.

Assessment and examination

There is very little assessment of personal finance education at the moment. In a finance education at the moment. In a 2008 study, Ofsted found that schools and colleges often failed to make clear what they expected students to achieve and monitoring of progress often contained weaknesses.⁵¹

⁵¹ Office for Standards in Education, Children’s Services and Skills. *Developing Financially Capable Young People*. Ofsted. March 2008

Current Provision

In our survey, just over a fifth (22%) of schools which taught personal finance education assessed students' progress. This figure was significantly higher for teachers who were trained to teach personal finance education – 36% compared to 14% of teachers who had not received training. Of those schools which assessed progress, 43% made use of formal examinations or qualifications, a quarter used informal methods and around a fifth (18%) said progress was assessed as part of other subjects such as mathematics or PSHE education.

In our survey, just 22% of teachers reported that their schools assess their pupils' progress in financial education, while 78% did not. Those who did assess progress tended to use formal exams or qualifications at secondary level, or assessment as part of the subject such as self-assessment and teacher observations.

We recognise the current pressures on schools and that importance is naturally placed on subjects with an examined element. This is why we believe mathematics provides an excellent opportunity for assessment.

By including the financial literacy aspects of personal financial education in maths, we can ensure that students complete their education able to apply functional maths skills to real-life situations, such as calculating APR, compound interest and percentages.

“Unless you test it, it will not happen.” DAVID BLACK, Headteacher of Alsager School

“I think one of the things with PSHE is the fact that it is not measured. How do you know that the learning has taken place and what the outcomes are? It is difficult to demonstrate that those have taken place.” ROD McKEE, ifs School of Finance

Clearly the subjective aspects of personal financial education cannot be examined in the normal way, but in order to ensure that they are allocated time and resources by teachers, and that students achieve the desired outcomes, there needs to be some form of assessment of PSHE education.

Conclusion

Personal finance education outcomes need to be assessed in order to be given curriculum time in schools.



Image courtesy of pfeg

International Provision

Personal finance education in the devolved administrations

Personal finance education is embedded into the curriculum in Scotland, Wales and Northern Ireland.⁵²

Scotland

Scotland has already introduced personal finance education into the Curriculum. Financial Education - Developing Skills for Learning, Life and Work describes how and where financial education can take place in the Scottish curriculum.⁵³ The two key aims of the framework are that broadly-based 'financial capability' should be part of every child's general education and schools are expected to embed this within numeracy. This approach recognises the importance of inter-disciplinary learning in developing financial capability, particularly in the context of health and wellbeing and numeracy and literacy, which are the responsibility of all teachers. The development of financial capability will continue through the 'senior phase' of A Curriculum for Excellence through a range of activities, including courses involving national qualifications.

“Through various active learning young people will be examining and comparing various financial products. They will be carrying out calculations to fit to work out which product would be best for them.”

JIM LALLY, National Advisor for Financial Education, Learning and Teaching Scotland

“Within the outcomes and experiences within the Scottish curriculum the young people will be given lots of opportunities to actually plan how they keep track of their finances, make sure that they can make ends meet and then once you start going a little bit further than that, things like choosing products and planning ahead will become really important and all of these are embedded within the outcomes and experiences we have in the Scottish curriculum.”

JIM LALLY, National Advisor for Financial Education, Learning and Teaching Scotland

Schools are encouraged to improve the quality of their provision through links with the financial services sector. Other organisations such as Young Scot provide information and services to young people in support of the development of financial capability. Education Scotland has also provided a wide spectrum of professional learning opportunities for teachers which has helped increase the confidence and competence of teachers in dealing with personal finance.

⁵² Called 'financial education' in Scotland, Wales, and most overseas countries, and 'financial capability' in Northern Ireland

⁵³ Education Scotland. www.ltscotland.org.uk/publications/t/publication_tcm4639227.asp Retrieved 12 November 2011

International Provision

Wales

Financial education for 7 to 16-year-olds was included within the 2008 revised curriculum for maintained schools in Wales. Building on the skills and outcomes of the Foundation Phase, the requirements are set out within the Mathematics Order for 7 to 16-year-olds and in the non-statutory frameworks Personal and Social Education and Careers and the World of Work.⁵⁴

The Welsh Financial Education Unit (WFEU) was established in 2008 to support the Welsh Government's Financial Inclusion Strategy. All primary, secondary and special schools have had the opportunity to benefit from the rolling programme of support provided by WFEU - introduced from April 2010 - working with the local authority and other partners.⁵⁵ The WFEU supports the delivery of financial education through guidance and the establishment of a financial education website, with support from NGFL Cymru that signposts practitioners to a range of useful teaching resources.

“The Welsh Assembly government has embedded financial education in their revised curriculum which came into force in 2008 and it is being introduced into maintained schools for between the ages of seven to 16-year olds...In the curriculum it is meant to be delivered through both maths and what they called PSE.”

CELIA ALLABY, pfeg

In addition, action is in hand to develop a programme of work that targets support for primary and secondary schools in implementing a planned cross-curricular approach to the delivery of financial education. Steps are also being taken to produce teaching materials in Welsh and to develop a regional database of organisations willing to support schools in the provision of financial education (the latter addressed through further development of the current financial education website). Finally, provisions will be made to ensure a clear focus in the programme on supporting local authorities in developing their own capacity to improve financial education at the local and consortia level.

Northern Ireland

In 2007 Northern Ireland introduced a revised curriculum for all children aged 4 to 16, in which Financial Capability (FC) was made a statutory element. At Primary level, Financial Capability is entrenched in the 'Money' strand of Mathematics and Numeracy, with a focus on developing financial knowledge, skills and responsibility, and within Personal Development and Mutual Understanding (PDMU).

⁵⁴ Department for Children, Education, Lifelong Learning and Skills, Welsh Assembly Government. *Personal and social education framework for 7 to 19-year-olds in Wales*, and *Careers and the world of work: a framework for 11 to 19-year olds in Wales*. 2008

⁵⁵ Department for Children, Education, Lifelong Learning and Skills, Welsh Assembly Government. *Personal and social education framework for 7 to 19-year-olds in Wales*. 2008

International Provision

In secondary education, Financial Capability is an integral part of Mathematics & Numeracy (which explicitly includes Financial Capability) where pupils develop knowledge, understanding and skills in personal finance to enable responsible decision-making in everyday contexts. This is also addressed through the new area of Learning for Life and Work.

“It is very much part of the curriculum, it is embedded within it and it is about encouraging teachers to recognise that financial capability is part of the curriculum of developing pupils’ numeracy skills, their personal decision-making and it is put in that broader context of making informed decisions for themselves as they move through life and that runs from foundation stage, from age four, right up to age 16.”

RUTH KENNEDY, Northern Ireland Council for the Curriculum, Examinations and Assessment

The Council for the Curriculum, Examinations and Assessment (CCEA) has developed guidance materials to support the teaching of financial capability within the revised statutory curriculum.⁵⁶ The CCEA Education Managers worked with over 300 schools (Primary and Post-primary) supporting them in the delivery of their money based initiatives, projects and programmes. A FC educational website has been launched featuring free resources, curriculum guidance and case studies of good practice.⁵⁷

All schools were given an introductory training session to raise their awareness of the importance of personal finance education and most teachers worked with the Managers to initiate their own money programmes and events.⁵⁸ In schools throughout Northern Ireland, the CCEA Education Managers also supported and guided the external organisations who run programmes in schools, both primary and post-primary.

Beyond the UK

Personal finance education is taught in schools in over 20 countries across the world. A number of jurisdictions – eg Japan and some US states – have been teaching it for decades, but in the majority of countries it has been introduced since 2005.⁵⁹

The barriers to introducing personal finance education into schools are common across countries: overcrowded curricula, lack of teacher expertise and lack of resources.

⁵⁶ Gray, P. *Draft Financial Capability Post-Primary Guidance & Specification*. CCEA. 2011

⁵⁷ Northern Ireland Curriculum. www.nicurriculum.org.uk/microsite/financial_capability. Retrieved 12 November 2011

⁵⁸ CCEA. *Evaluation of the Second Implementation Year of Financial Capability 2009/2010*. 2011

⁵⁹ For many countries the financial crisis of 2007-08 and subsequent economic downturn gave added impetus to the drive to improve citizens’ ability to manage their money. Many more countries are now planning to introduce personal finance education into schools, often as part of a national financial literacy strategy. In most countries the lead body for financial literacy is the finance ministry, financial regulator or central bank.

To help overcome some of these barriers a number of countries have made personal finance education part of their statutory curriculum. These include: Czech Republic, Hungary, India (two states), Japan, Korea, Malaysia, New Zealand, Poland, Spain and some states of the US.

Case study

Upper Austria

Upper Austria introduced a 'Financial Driving Licence' for young people in 2006. To gain the licence young people must successfully complete a number of modules on aspects of personal money. The licence is beginning to be recognised by employers, and is commonly used on CVs.

In most countries personal finance education is integrated into other subjects, usually at the discretion of the school rather than a new standalone subject. It is also common for it to be included in the teaching of enterprise, business studies or dedicated 'life skills' courses. Examples of individual country approaches can be found on the OECD's dedicated financial education website.⁶⁰

"What is happening now is that other countries are making it compulsory and are taking it much more seriously. So places that I have been to, like Brazil and Australia, New Zealand, are really... forging ahead."

WENDY VAN DEN HENDE, pfeg

The implementation of personal finance programmes in increasing numbers of countries shows the importance of it as a subject. If the UK is to compete internationally both in terms of educational standards and economic growth, our curriculum must develop the way it provides financial education so that the next generation does not fall behind.

OECD Programme for International Student Assessment (PISA)

The OECD published recommendations on financial education and awareness, including the recommendation that 'Financial education should start at school'.⁶¹ The OECD subsequently developed guidelines on personal finance education in schools.⁶²

PISA is a triennial programme for testing the knowledge and skills of 15 year olds internationally. Each PISA round tests reading, mathematics and science, with a particular focus on one of these topics. The next round, in 2012, will focus on mathematics and, for the first time, will include a test module on personal finance. Based on the OECD definition of financial literacy, PISA aims to assess the readiness of young people for adult life, in particular their capacity to use knowledge and skills. This will be the first large-scale international survey to test the financial literacy of young people.

⁶⁰ OECD, *International Gateway for Financial Education*. www.oecd.org/pages/0,3417,en_39665975_39666038_1_1_1_1_1,00.html. Retrieved 12 November 2011

⁶¹ OECD. *Recommendation on Principles and Good Practices for Financial Education and Awareness*. July 2005

⁶² OECD. *Draft Guidelines on Financial Education at School and Guidance on Learning Framework*. August 2011

International Provision

Below we provide an example of how the OECD PISA 2012 framework could be incorporated into our curriculum:

OECD PISA 2012 Draft Financial Literacy Framework

Knowledge and understanding

Delivered in mathematics	Delivered in mathematics and reinforced in PSHE education	Delivered in mathematics & developed in PSHE education
<p>Money and transactions</p> <p>Everyday payments, spending, value for money, bank cards, cheques, bank accounts and currencies.</p>	<p>Planning & managing finances</p> <p>Measures of income, taxes and benefits, budgeting, planning ahead, benefits of medium and long term savings and investments, building human capital, smoothing spending through saving or borrowing.</p> <p>Risk and reward</p> <p>Understanding why some financial products are riskier than others, limiting risk, the role of insurance products, credit, default, interest rates, exchange rates and market volatility.</p>	<p>Financial landscape</p> <p>Understanding the choices available and the consequences of financial decisions, rights and responsibilities, redress, getting advice, consumer protection, effects of advertising and peer pressure on financial decisions, scams and financial crime.</p>



Image courtesy of pfeq

Conclusion

Many countries are introducing personal finance education into school curricula and as part of a national strategy to improve financial capability. Unless more children and young people in England learn about personal finance, there is a risk they will lag behind many other countries.

The Way Forward

We heard frequently that a lack of clarity about outcomes could be a barrier to teaching personal finance education. Schools often do not know what they are aiming for. As part of this inquiry, we wanted to establish how a financially capable 16 year-old looks and how this might translate into other Key Stages. We were also anxious to demonstrate how personal finance education might integrate into PSHE education and mathematics, as the seemingly most appropriate subjects to include aspects of personal finance.

In addition we have taken into account the Government direction in education reform and do not wish to further burden schools. We have therefore attempted to come up with a solution that works within the current system.

Personal finance as a statutory requirement

The evidence we have collected during this inquiry suggests that if personal finance education is not mandated, examined or inspected, schools will not teach it due to constraints on space and time in the curriculum. Accordingly, there was a general consensus that compulsion is the only way to ensure that schools find the time to teach personal finance education. There was no call for a certain number of hours a week or part of the school term being set aside. Rather, it was felt that schools should have flexibility and be accountable for how they deliver personal finance education.

Recommendation

- Personal finance education should be a compulsory part of every school's curriculum.

Primary Education

There was a general consensus that a broad cross-curricular approach worked well in primary schools, but less so at secondary level. It is easier to fit personal finance education into Key Stages 1 and 2 due to the cross-curricular nature of teaching at primary level. It is important that children leave primary school with a strong grounding in mental arithmetic. This will enable them to make sensible estimates in financial and other problem solving situations.

There needs to be an improvement in the level of mathematics attainment in primary schools. Accordingly, the inquiry supports the Government's proposals to increase the minimum GCSE mathematics level for teachers from a grade C to a grade B. The inquiry also supports the use of teacher training (initial and CPD) to improve mathematics skills.

The Way Forward

Recommendations

- Primary teachers should continue to teach basic money and mathematics skills from money and mathematics skills from an early age across the curriculum in preparation for secondary education.
- We welcome the Government's current proposal to increase the minimum requirement of mathematics GCSE to grade B for primary school teachers and encourage that it should be adopted.
- It would be advantageous to use the opportunity of training days to refresh the maths skills of primary school teachers, although we respect the right of the schools to provide training in a way they feel is appropriate.

Secondary Education

In secondary schools, personal finance education should be taught on a cross- curricular basis, grounded in both mathematics and PSHE education.

We also heard some compelling and imaginative examples of personal finance education being covered in a range of subjects, including ICT, history, geography, RE and PE. Accordingly, other subjects, such as IT, geography and history, can provide an effective context for personal finance education. However, this is at the discretion of schools and their personal finance champion.

Mathematics

Young people should leave school able to calculate percentages, fractions and decimals and be able to apply these methods to everyday life. The inquiry is mindful that the maths curriculum is already crowded, however, there are existing elements currently in maths that could be re-packaged as personal finance. This would enable students to better understand that what they are learning is personal finance and can advance students' understanding of maths by contextualising what they are being taught. This may also be a way to engage children in mathematics and encourage its uptake.

The elements of personal finance in the mathematics curriculum should be clearly defined or packaged so that pupils understand that it relates to real life. Furthermore, Importance Statements of Subjects would assist pupils' understandings of why they are being taught aspects of maths such as mental arithmetic and statistics.

The Way Forward

We are pleased that the Maths Review concludes that “financial numeracy is important both for individuals and the economy, and so should be addressed within the curriculum”. We strongly support the notion of two mathematics GCSEs, and uphold the recommendation that the pilot phase should receive full support.⁶³ We believe an ‘Application of Mathematics’ GCSE would be a good way of testing attainment at Key Stage 4 as well as improving standards in mathematics and help prepare pupils for future life and employment. The programme of study for this GCSE should include relevant personal finance concepts.

Nevertheless, the continuance of a single GCSE need not prevent the improvement of financial numeracy in mathematics. The current curriculum can be adapted through amending the nature of some resources and questions to use relevant real life examples. Links should also be made to the personal finance elements in PSHE education.

Below we outline the basic content we feel should be included in mathematics:

- Calculating and comparing percentages, decimals and fractions
- Data handling
- Carry out calculations relating to enterprise, saving and borrowing, appreciation and depreciation, and understand AER and APR.
- Use mathematics in the context of personal and domestic finance including loan repayments, budgeting, RPI and CPI, exchange rates and commissions.
- Use spreadsheets to model financial, statistical and other numerical situations

Below is an example, drafted with the assistance of Stella Dudzic, Mathematics in Education and Industry (MEI) Programme Leader for Curriculum, of how these aims and the PISA framework could be delivered in mathematics Key Stages 3 and 4.

Key Stage 3 as part of mathematics

Competence statements <i>Students will:</i>	Notes
Money and transactions	
Be able to use simple percentages to work out sale prices mentally.	Percentage reductions such as 10%, 20%, 25%, 50%, 70%.
Be able to use estimation to work out a rough equivalent in pounds to a price in foreign currency, given the exchange rate.	Students should be able to interpret an exchange rate given as, for example, “We sell at 1.54, we buy at 1.69” to mean that it takes a little over 1.5 of the foreign currency to make £1.

⁶³ Vorderman, C., Budd, C., Dunne, R., Hart, M., Porkess, R. *A world-class mathematics education for all our young people*, p.14. August 2011

The Way Forward

Key Stage 4 as part of Applications of Mathematics

(Key Stage 3 work should also be assessed here, as appropriate)

Competence statements <i>Students will:</i>	Notes
Money and transactions	
Be able to work out VAT with the aid of a calculator	Reverse percentage calculations are not included
Be able to check a bill	Including taking account of special offers, discount and VAT
Be able to compare different offers for loans and savings	Including taking account of charges and terms and conditions
Planning and managing finances	
Be able to work out the new income following a percentage change to income	Including wage rises and deductions from wages, such as National Insurance
Risk and reward	
Be able to use percentages when comparing investments	Including a comparison of percentages given for savings plans and percentage profit for a business deal

For students at KS4 who master the content above (Higher Tier)

Competence statements <i>Students will:</i>	Notes
Money and transactions	
Be able to do compound interest calculations with a calculator or spreadsheet	Contexts include savings and loans
Be able to set up a spreadsheet to do calculations involving percentages	Contexts include VAT calculations on invoices
Be able to use foreign exchange rate information to make calculations with the aid of a calculator or spreadsheet	Students should be able to interpret an exchange rate given as, for example, "We sell at 1.54, we buy at 1.69" to mean that when converting from pounds to the currency, a customer gets 1.54 of the currency for £1, but when changing the currency to pounds, 1.69 of the currency is needed for £1
Risk and reward	
Be able to use the geometric mean to find an annual percentage increase for an investment	e.g. A house is bought for £100 000 and sold for £120 000 five years later. What is the average annual percentage increase in price?
Use percentages to work with appreciation or depreciation	Including comparison of an annual percentage depreciation (or appreciation) model with actual values
Financial landscape	
Be able to do reverse percentage calculations with the aid of a calculator	Include contexts such as charities claiming income tax back on donations
Be able to work out an inflation rate for a given time period from information such as values of RPI or CPI.	Using a calculator or spreadsheet

Examples of potential GCSE mathematics questions

Foundation

1. Kat paid £1500 for a car in April 2009.
In the first year, the value of the car depreciated by 10%.
In the second year, the value of the care depreciated by 15%.

How much can Kat sell the car for in 2011? £ _____

2. Hassan is paid £17,465 a year. His personal tax allowance is £6475 for the year.

a) What is his taxable income every month? £ _____

b) If Hassan's income is taxed at 22%, how much income tax does Hassan pay in a year?
£ _____

3. Lorna wants to buy 4 peppers. She will not use more than 4.
The prices for peppers are as follows.



What is the most cost effective option for Lorna? You must show working to support your answer. _____

Foundation / Higher

1. Leonie has £1750 to invest for 4 years and can choose between 2 different savings accounts.

Account 1: 3.7% simple interest paid out at the end of each year

Account 2: 3.4% compound interest paid at the end of the period

Which account would give Leonie more interest over the 4 year period? _____

The Way Forward

2. Jenny wants to buy a new TV but is £320 short. She sees an advert for a loan:

BORROW then just make
£320 8 easy monthly
payments of
ONLY **£46.72**

If Jenny takes the loan, how much extra will she have to pay?

£ _____

3. Andrew pays his electricity bill every quarter.
These are his September and December readings:

September 1st:



December 1st:



His current tariff charges 32.7p for the first 200kWh and then 9.8p per remaining kWh. He can change to a new tariff that will have a standing charge of 47p per day and then charge 10.4p per kWh. September has 30 days, October has 31 days, & November has 30 days.

Which plan is cheaper for Andrew for this quarter? _____

Higher

1. Rachel is going on holiday to Spain and needs to change £200 into Euros. The Bureau de Change in the airport charges 0.6% or £4.00 to change money, whichever is the greater.

a) How much will changing her money at the airport cost Rachel? _____

After Rachel has paid this charge, the Bureau de Change offers an exchange rate of £1 = €1.16 If she goes to the Post Office before she leaves on holiday she does not pay any commission. The Post Office offers a rate of £1 = €1.12.

b) Where should Rachel change her money? _____

2. This is Jason's credit card statement.

Previous balance	£420.15
Payments received	£420.15
New transactions and interest	£566.26
Your closing balance	£566.26
Next month's estimated interest	£6.71
Minimum payment due	£5.66

Estimated interest assumes that the balance does not increase, you pay the minimum payment and the way we calculate interest stays the same. If you pay off the balance in full, you will not be charged any interest.

a) Assume that next month's estimated interest is correct. Jason decides not to use his credit card any more. He decides to make the minimum payment.

How much will Jason owe next month? £ _____

b) **What advice would you give to Jason?** You should use your answer to part a) in answering this question. _____

3. Sophie is left £4,300 by her grandfather and decides to invest the money for 2 years. Her bank offers her a choice of two savings accounts.

Account 1: pays 3.1% on a monthly basis

Account 2: pays 3.25% annually

a) **How much would Sophie get from each account over the first year? £** _____

The formula for calculating AER is:

$$AER = 100 \left[\left(\frac{1+r}{100n} \right)^n - 1 \right]$$

Where r is the interest rate and n is the number of times that interest is paid in the year.

b) **Which account has a higher AER?** _____

Cross curricular personal finance education

There are elements of personal finance education that we feel should be taught using a joined up approach to ensure that pupils make a link between these two aspects of Maths and PSHE education. We outline these in the tables below:

Key Stage 3 as part of mathematics and PSHE education

Competence statements <i>Students will:</i>	Notes
Money and transactions	
Be able to work out which item is the "best buy"	Recognising that a "special offer" does not always give the best value. Recognising that buying more than is needed can be wasteful, even if price per unit is less. The importance of personal factors when making decisions e.g. getting 200 free texts a month is not a good deal for people who rarely text.
Planning and managing finances	
Be able to use a spreadsheet to draw up a simple budget	Use of simple functions only: addition, subtraction, multiplication and division. Including awareness of fixed costs, such as rent or mortgage, and the importance of saving.

The Way Forward

Key Stage 4 as part of Applications of Mathematics and PSHE education

(Key Stage 3 work should also be assessed here, as appropriate)

Competence statements <i>Students will:</i>	Notes
Money and transactions	
Know that interest is often charged on loans and paid on savings	Including the implications of compounding interest at high percentages. Students will not be expected to do the associated calculations but should be able to use paper based or IT based ready reckoners
Planning and managing finances	
Be able to calculate income tax, making use of a personal tax-free allowance and a percentage tax rate	Include awareness of current allowances and tax rates
Risk and reward	
Be able to make sensible decisions about buying insurance.	Including use of “best buy” comparisons and understanding different levels of cover
Understand the terms appreciation and depreciation and make related calculations when given a simple formula	Include the idea that some things which are bought are likely to go up in value and others down in value and how this can impact on decisions about purchase or insurance

In addition, as part of the Government’s initiative to extend mandatory education to 18 we believe it would be beneficial to develop pupils’ maths ability in a way that will equip them for whatever future path they choose.

Recommendation

- Personal finance elements of maths should be clearly highlighted to emphasise how this relates to real life decisions. If viable, the Government should implement the Smith Report and Maths Review’s recommendation for the twin GCSEs; ‘Application of Mathematics’ and ‘Methods in Mathematics’ to improve financial numeracy and ensure it is examined.

Personal, Social, Health and Economic Education

Our witnesses were agreed that PSHE education was a natural home for many elements of personal finance education. However, many pointed out the difficulties, as outlined in the Current Provision of Personal Finance Education in Schools section of this report, which need to be addressed.

We support the view of the PSHE Association that there is scope for a simplified framework for PSHE education. The core body of knowledge for PSHE education should be revised so that managing risk and taking responsibility are stressed through four comprehensible strands, to clarify teaching and learning. One of these strands should be personal finance, so that provision for financial education within PSHE education becomes a statutory requirement (on a par with sex and relationship education).

The Way Forward

In particular, personal finance education as part of PSHE education should concern subjective issues where there is not necessarily a right or wrong answer. These include:

- Managing personal money (and understand its link with public finance)
- Knowing what an account number and sort code are, how to set up a bank account, and being aware of other financial products and financial terminology
- Understanding budgeting, balancing needs and wants
- Saving and borrowing, including an awareness of different types of product
- Managing financial risk (both positive and negative)
- Planning for the future
- Dealing with debt
- Acknowledging the difference between good and bad debt (including student loans) and the danger of loan sharks
- Shopping around, being a savvy customer

Below is an illustration of how personal finance material in PSHE education can be split up in a progressive way and taught by teachers, and at what Key Stages.

Key Stage 3 as part of PSHE education

Content to be covered
Money and transactions
Know about a range of financial products and services
Be aware of the rights of a consumer
Planning and managing finances
Personal budgeting and managing money
How social, emotional and cultural factors can influence financial decisions
Risk and reward
Risk and reward and that it is possible to make money through savings, investment and trade
Understanding risk in both positive and negative terms
Learn about organisations that provide information, advice and support in relation to money
Financial Landscape
How finance plays an important part in future life
The financial implications of some career and lifestyle choices
Where public money comes from and who decides how it is spent

The Way Forward

Key Stage 4 as part of PSHE education

Content to be covered
Money and transactions
What it means to be a critical consumer of goods and financial products and services, including about ethical investment
How financial institutions make money
Social and moral dilemmas about the use of money
Planning and managing finances
How to manage money in relation to wages, taxes and other deductions, both personal and beyond their control
Understand the difference between debit and credit cards, and the implications of not paying off credit card statements in full
Risk and reward
Understand the possible risks when borrowing and investing money
How to assess undertake and manage risk and reward in financial contexts, including in relation to gambling, investments and financial services
How to access advice and support in relation to money problems
Financial Landscape
Planning for longer term needs and wants - including the importance of pensions
Understand the implications of inflation for spending and saving decisions

Examples of discussion points for PSHE education lessons

You are unemployed and are offered a job in the next town with poor transport connections, do you buy a new car on loan package and take the job or turn it down?

Is a car loan for a new car, when you have a steady job and can pay the monthly repayments, a good or bad debt? What is the risk?

What impact will my choice of career have on my future spending and lifestyle?

Is a student loan value for money?

How does money, or the lack of it, affect my relationships and self-esteem?

Why should I save?

What are the merits and consequences of having a credit card?

Is this the best way to borrow money?

Where can I get free and impartial advice about my finances?

The Way Forward

Teachers should receive training where possible, according to the needs of the school. Outside organisations can support the personal finance strand in PSHE education if considered helpful by teachers and if they are screened by a trusted body. Providing teachers with training and support for the teaching of PSHE education should also help generate engagement and interest in the subject throughout the profession.

In the light of the PSHE education review, we are confident that this is the right place for personal finance education if some important changes and adjustments are made. Elements of personal finance in PSHE education need to strongly tie to the corresponding maths elements. As previously mentioned, the quality of PSHE education varies across the country. Providing a cross-curricular link raises the profile of this subject and enables these

lessons to enhance elements of the maths curriculum. Ultimately this promotes and improves the value of PSHE education. We are encouraged by the Government's current review of PSHE education and the recognition that it is an important subject in its own right.

Recommendation

- PSHE education should be clearly defined into four separate strands, one of which should be personal finance. Through reworking the PSHE education syllabus, more focused training and assessment can be developed.

Champion

The support of senior leadership within schools is essential because it is they who determine priorities and allocate resources. Without this support, even the most enthusiastic teachers cannot make headway.

There should be a Personal Finance Education Champion at each school, preferably from the Senior Leadership Team, who is responsible for promoting the subject, and who receives support and training where appropriate. It is important that elements of personal finance in mathematics and PSHE education are tied together in schools. The Champion will ensure that a cross-curricular link is made between mathematics and PSHE education, and that there is time for inter-departmental discussion within schools. The Champion also needs to be responsible for advising other subject teachers who may want to include personal finance contexts in their teaching, and provide impetus and support for teaching and learning.

The Way Forward

Recommendation

- Personal finance education should be taught cross curricular in mathematics and PSHE education with the financial numeracy aspect of personal finance education situated in mathematics and subjective aspects taught in PSHE education. It should be packaged in an obvious and clear way to young people.
- A school coordinator, or 'Champion', should be appointed in each school, preferably from the Senior Leadership Team, and made responsible for ensuring that outcomes are achieved across maths and PSHE education, ensuring there is a clear link between the elements of personal finance taught in mathematics and PSHE education and for sourcing resources.



Resources and support

The inquiry recognises there is a challenge to resources but believes it would be beneficial if opportunities such as Continuing Professional Development include some form of personal finance education. The choice of how training days are used, however, should remain with schools.

It is important that schools are aware of, and able to access, resources and outside organisations to support teaching personal finance if they feel it would enhance their lessons. In addition, any resources or individuals from outside organisations who visit schools should be quality marked or assessed to ensure that they relate to the curriculum and are not a marketing exercise for financial institutions.

There is a role for the British Bankers Association in coordinating the involvement of financial services in providing resources and support to schools.

Recommendation

- Resources produced by outside organisations and visits of providers to schools should be available and accessible if considered helpful by teachers and quality marked by a trusted body.

Why should our recommendations be taken forward?

Our proposals are in line with the critical success factors of personal finance education identified in Ofsted's 2008 report. These included strong support from senior managers, dedicated curriculum time supported by 'off timetable' days and a member of staff responsible for coordinating and developing provision across a range of subjects. Ofsted also noted that good teaching was characterized by teachers' confident subject knowledge, skilful management of discussions, relevant contexts, engaging tasks and effective use of external agencies and other resources.

Further research that supports the Inquiry Committee's proposals is the Learning Money Matters evaluation. The study also found that it is essential to have senior management buy-in, enthusiastic teaching staff, a committed personal finance education coordinator and sufficient curriculum time.

In addition, our proposal for personal finance education would fulfil the OECD's PISA framework for testing financial literacy which, in time, is likely to establish an international standard for personal finance education. It is important the UK is in a position to compete internationally and keeps up with the increasing emphasis on personal finance in many countries' curricula.

Moreover, it is important that young people are equipped to apply what they have learnt in mathematics to the work place, as welcomed by many employers. The improvement of personal finance elements within the mathematics curriculum would lead to a more financially capable labour force. If the steps recommended by this inquiry are taken forward, employers would be able to recruit people with maths and financial skills that would allow them to compete successfully in the global economy.

Finally, we believe that our recommendations would be a significant step forward in tackling the UK's household debt crisis and personal insolvency levels. If the next generation are better equipped to cope with the many challenges they will face in an increasingly complex financial world, then they may make better decisions about debt than we have done.

Appendix I

List of organisations and individuals who have given evidence to the inquiry

- Amanda Szcwczyk-Radley, St Michael's CofE Voluntary Aided Primary School
- ASDAN
- AQA
- Arun Youth Council
- Association of Independent Financial Advisers
- Association of Mortgage Intermediaries
- Barclays
- Capital One
- Citizenship Foundation
- Carol Vorderman
- Council for the Curriculum, Examinations and Assessment
- Credit Action
- David Black, Alsager School
- David Kennedy, The John Warner School
- Economics, Business and Enterprise Association
- Financial Fairy Tales
- Financial Services Authority
- Financial Skills Partnership
- High-Track Communications Ltd
- HSBC
- Institute of Chartered Accountants in England and Wales
- ifs School of Finance
- Jackie Harvey, Education Consultant
- Janine Kenna, St John Fisher RC Primary School
- Julie Bayley, Independent Financial Advisor
- Learning and Teaching Scotland
- Matthew Osborne, Derbyshire Healthy Schools
- Money Advice Service
- Money and Morals
- MoneySavingExpert.com
- MyBnk
- National Association of Student Money Advisers
- National Children's Bureau (My Money Young Advisers)
- Nationwide Building Society
- National Union of Students
- Ofsted
- Old Mutual Group
- Personal Finance Education Group
- Prudential
- PSHE Association
- Roger Porkess, Independent Consultant
- Royal Bank of Scotland
- School Councils UK
- SHIP Equity Release
- Specialist Schools and Academies Trust and Prudential
- Stella Dudzic, Mathematics in Education and Industry (MEI) Programme Leader for Curriculum
- Sue Lewis, Independent Consultant
- SustEd
- The Chartered Institute of Bankers in Scotland
- The Co-operative Financial Services
- The National Skills Academy Financial Service
- The Share Centre
- Trading Standards Institute
- Voice Teaching Union
- Will Spendilow, New Life Church

OECD's PISA framework for testing financial literacy

Knowledge and understanding

- Money and transactions. Everyday payments, spending, value for money, bank cards, cheques, bank accounts and currencies.
- Planning and managing finances. Measures of income, taxes and benefits, budgeting, planning ahead, benefits of medium and long term savings and investments, building human capital, smoothing spending through saving or borrowing.
- Risk and reward. Understanding why some financial products are riskier than others, limiting risk, the role of insurance products, credit, default, interest rates, exchange rates and market volatility.
- Financial landscape. Understanding the choices available and the consequences of financial decisions, rights and responsibilities, redress, getting advice, consumer protection, effects of advertising and peer pressure on financial decisions, scams and financial crime.

Analysis and application

- Identifying financial information, for example, picking out the key features of a bank statement or the 'small print' of a financial contract.
- Analysing information in a financial context, for example, comparing terms on a mobile phone contract or assessing whether an advertisement for a loan is likely to include 'hidden' conditions.
- Evaluating financial issues, for example, considering the relative financial merits of buying something now or later given specific financial circumstances.
- Applying financial knowledge and understanding, for example, working out what happens to purchasing power when prices are changing at a specific rate.

Appendix III

List of current personal finance qualifications

Level	Accreditation Number ⁶⁴	Qualification title	Guided Learning hours	Awarding Body
1	500/9896/2	ifs Award in Personal Finance	70	ifs School of Finance
1	100/3558/8	Certificate of Personal Effectiveness	120	ASDAN
1	600/0825/8	Level 1 Award in Economic Wellbeing and Financial Capability	52	NOCN
1	600/0445/9	Level 1 Certificate in Economic Wellbeing and Financial Capability	112	NOCN
1	500/8444/6	Level 1 Award in Demonstrating Enterprise Skills	50	NCFE
1	500/8446/X	Level 1 Award in Exploring Enterprise Skills	10	NCFE
1	500/8624/8	Level 1 Award in Personal Money Management	30	NCFE
1	501/0524/3	Level 1 Foundation FSMQ: Money Management	60	AQA
1	500/8224/3	Level 1 Award in Money and Finance Skills	58	Edexcel
1	500/7233/X	Level 1 Award in Managing Personal Finance	20	Ascentis
2	500/9897/4	ifs Certificate in Personal Finance	115	ifs School of Finance
2	100/3559/X	Certificate of Personal Effectiveness	120	ASDAN
2	600/0444/7	Level 2 Award in Economic Wellbeing and Financial Capability	48	NOCN
2	600/0446/0	Level 2 Certificate in Economic Wellbeing and Financial Capability	104	NOCN
2	500/8445/8	Level 2 Award in Developing Enterprise Skills	40	NCFE
2	500/8443/4	Level 2 Certificate in Developing Enterprise Skills	130	NCFE
2	501/0521/8	Level 2 Higher FSMQ: Financial Calculations	60	AQA
2	500/8258/9	Level 2 Award in Money and Finance Skills	58	Edexcel
2	500/9895/0	IFS Level 2 Award in Personal Financial Planning	30	ifs School of Finance
2	501/0047/6	IFS Level 2 Certificate in Personal Financial Planning	110	ifs School of Finance
3	100/3560/6	Certificate of Personal Effectiveness	150	ASDAN
3	501/0049/X	ifs Certificate in Financial Studies	150	ifs School of Finance
3	501/0048/8	ifs Diploma in Financial Studies	330	ifs School of Finance
Entry 3	600/1797/1	Entry Level Award in Demonstrating Enterprise Skills	30	NCFE
Entry 3	600/1798/3	Entry Level Award in Exploring Enterprise Skills	10	NCFE
3	500/7714/4	BTEC Level 3 Certificate in Personal and Business Finance	180	Edexcel
3	500/7712/0	BTEC Level 3 Subsidiary Diploma in Personal and Business Finance	360	Edexcel

Awards

Level	Award title	Guided Learning hours	Awarding Body
Multi level: Entry to Level 3	Personal Finance Award (Note: pfeq Quality Mark accredited)	up to 60	ASDAN
Multi level: Entry to Level 3	Financial Awareness Youth Achievement Award	60-120	UK Youth

⁶⁴ Relates to www.accreditedqualifications.org.uk



ALL-PARTY PARLIAMENTARY GROUP ON



Financial Education
for Young People