



All Party Parliamentary Group on Financial Education for Young People report



Care to talk about Money? The Importance of Financial Education for Children in Care

This report was researched by Young Money and funded by the Money Advice Service (now part of the Money and Pensions Service) and HSBC UK. This is not an official publication of the House of Commons or the House of Lords. It has not been approved by either House or its committees. All Party Parliamentary Groups are informal groups of Members of both Houses with a common interest in particular issues. The views expressed in this report are those of the group.



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Foreword by APPG Chair – Julian Knight MP and Inquiry Co-Chair – Trudy Harrison MP

We are particularly proud of this inquiry of the APPG on Financial Education for Young People, a deep dive focus on young people in care and how they should best be prepared to leave the care system confident about personal finance matters. Children in care are a vulnerable group of young people facing the huge challenge of starting their independent lives without the back up of family support, and at risk of criminal predators whose actions can have a lasting negative impact on young people's financial lives. This report provides concrete and practical policy recommendations on which, together with parliamentary colleagues, we will work very hard to ensure that they are enacted over the coming months.

Our grateful thanks go to the large group of cross-party colleagues and Peers who contributed their time and thoughts to the inquiry, and who participated in the oral evidence sessions in Parliament. Thank you also to the wide range of

witnesses who provided their expert and thoughtful views in person to myself and my colleagues, as well as to those stakeholders who sent in their written opinions to the inquiry.

Last but not least, thank you to April, James, Joe, Ralph, Macaulay and Matthew who for no personal gain took the time to travel from across the country to meet personally with us, to improve the situation for future care leavers. Their personal stories, their reflections and their views on how to ensure that those who come after them leave care confident about their finances, were crucial to developing the policy recommendations contained in this report. We shall ensure that their time was not wasted, and shall strive to implement these reforms, so that their peers who are yet to leave the care system are better equipped than they were for their independent lives.

Julian Knight MP, Trudy Harrison MP



Secretariat Foreword – Michael Mercieca, CEO Young Money

Young Money is proud to act as Secretariat to the APPG on Financial Education for Young People, since the group's inception in 2011. Policy development is a key part of the jigsaw puzzle of initiatives and the stakeholder commitment that is required to ensure that all young people leave education equipped with the knowledge, skills and confidence to manage their money well. Care leavers are a particularly vulnerable group of young people, and I am therefore delighted that the APPG has focussed on this topic. Young Money looks forward to supporting the MPs, Peers and other policy makers to deliver on the important recommendations of this report.

I am particularly grateful to our APPG Chair Julian Knight MP, who has worked tirelessly and effectively over the last years to raise the profile of financial education in Parliament, and to Trudy Harrison MP who Co-Chaired this inquiry.

Michael Mercieca

Executive Summary

This report seeks to understand the measures that are being undertaken to support children in care and care leavers in their financial education, and what more can be done to support them in understanding how to form positive financial habits that are essential to independent adult life.

Prepared by the All Party Parliamentary Group (APPG) on Financial Education for Young People, the leading voice on issues relating to financial education in Parliament, this report is based on written evidence received from 25 organisations, two oral evidence sessions with key stakeholders plus another oral evidence session with a group of care leavers with direct experience of growing up in the care system.

As highlighted in a previous inquiry by the APPG ('Financial Education in Schools: Two Years On – Job Done?'), understanding how to manage money is a key skill that is essential for all aspects of adult life. Financial education allows individuals to make informed decisions on a day to day basis – from budgeting monthly expenses to building up a savings pot. It helps young people to build the necessary confidence to plan for their futures, as well as develop resilience to any unexpected financial 'shocks' in life.

Children in care have the same ambitions as their peers, yet they often face a multitude of hurdles that can make it difficult for them to achieve these ambitions. Our inquiry clearly demonstrates that the provision of financial education is one of these hurdles and that children in care effectively face a perfect storm. They are a group of children who are particularly in need of financial education yet they are highly likely to not have sufficient access to it. The fact that children in care and care leavers are both less likely to receive adequate financial education despite the fact they are in greater need of it, represents a clear policy failure.

Young people in the care system generally leave care and reach independence at a younger age than many of their peers. With the State as their Corporate Parent, they are much less likely to have consistent and reliable financial support or dependable ongoing mentoring and support around their finances, which many other young people rely on when reaching independence. Children in the care system are rarely

provided with opportunities to manage money and learn from mistakes in a 'safe' environment before they reach independence. Crucially, children in care are also more likely than their peers to miss out on any financial education that is provided in schools, although our evidence clearly shows that school provision could also be improved for the general population.

This report suggests that there is no one solution to resolve the problems that we have identified. Instead, intervention needs to take place at multiple levels to ensure that children in care are provided with opportunities to acquire the basic knowledge, skills and attitudes to manage their money. Concrete commitments from central Government, local authorities, foster carers, charities and business are required and this report makes 22 recommendations across four core areas.

1. Improving the provision of financial education in schools

While there have been numerous welcome improvements to the provision of financial education in schools since the APPG's 2016 report, our inquiry makes clear that more needs to be done. Crucially, some of these recommendations will not just benefit children in care but also the general population. This includes the mandatory provision of financial education at primary level, the inclusion of financial capability in Ofsted inspection handbooks, and better training for Designated Teachers and other relevant pastoral staff in schools. Personal Education Plans for children in care should also include a clear target for individual financial capability development and progress towards this should be monitored by Designated Teachers and Virtual School Heads.

2. Providing more support for foster carers

Foster carers have a vital role in the development of financial knowledge, skills and attitudes of the

children in their care, however we received no evidence to suggest that there is any support or training accessible to help them in this specific area. Just like teachers, there is often a need to support the knowledge and confidence of foster carers to ensure they can engage effectively around money with the children in their care. A key part of this support would focus on professional development training, as well as access to supporting tools, resources and guidance, especially in relation to the opening of financial products for their foster children.

3. Improving local authority provision and Government support

Financial education does not always get the resource it deserves from local authorities and care professionals, even though its importance is clearly highlighted in statutory guidance on the development of Pathway Plans and Local Offers. Evidence also suggests that there is some confusion around the degree to which financial education actually needs to be delivered. Accordingly, there is a clear need to review guidance provided to local authorities around the provision of financial education, particularly at key transition stages. A clear reporting and accountability framework is required and the Government should further introduce a requirement for Personal Advisers and social workers, children's home staff, and other support workers working with children in care and care leavers to be trained in providing financial education skills at the earliest opportunity. To support this, it would be advisable to reduce the caseload of Personal Advisers, with extra Government funding required for this.

4. Charities, business and guidance

Numerous third sector organisations deliver impactful programmes on financial education, yet these programmes are not being universally adopted by local authorities. There are also only a small number of programmes that specifically target children in care. Accordingly, the financial services sector should regard financial education of care leavers as central to its corporate social responsibility work. The sector should ensure they meet the expectations of wider society by prioritising a significant amount of funding to financial education initiatives in schools and financial education schemes for children in care and care leavers. Banks should have clear policies in place to ensure that foster children can access a bank account, including consistent application of this policy across all branches and clear signposting for foster carers. Additionally, a one-stop-shop for the financial education of care leavers should be made available to pool resources for parents, teachers, and local authorities to enable the sharing of best practice. Such a one-stop-shop could be hosted by the Money and Pensions Service (MAPS) or the Department for Education. MAPS should further undertake a study to identify best practice and to outline where there are out-of-school settings where financial education could be incorporated for children in care, while funders and commissioners should consider the needs of potentially vulnerable young people, including children in care, when allocating resources and consider funding specific targeted programmes alongside or in addition to the financial education they currently fund.



Children in care & financial education

Report by the All Party Group on Financial Education for Young People

1. Introduction

1.1 Background on the APPG

The All Party Parliamentary Group (APPG) on Financial Education for Young People is the leading voice on issues relating to financial education in Parliament. The APPG is currently chaired by Julian Knight MP and launched in 2011 is one of the largest of its kind, with over 200 Parliamentary members and a wide range of supporters across a number of organisations.

This report builds on the APPG's fourth inquiry into financial education, '*Financial Education in Schools: Two Years On – Job Done?*'¹, published in 2016, which examined the delivery of financial education in schools in England and the devolved nations, and the impact of this teaching.

1.2 Inquiry Process

We are grateful to the wide range of organisations who have provided their input to the APPG's inquiry process. The inquiry received 25 written submissions from a wide variety of key stakeholders: the financial capability sector, financial services firms, charity sector, education sector, local authorities, foster carer representatives, fostering services, children's homes and academic institutions. A full list of respondents to the call for evidence can be found in the appendix.

Alongside obtaining written evidence, the APPG held three oral evidence sessions in Parliament to help further analyse the current provision of financial education for children in care and discuss what steps can be taken across a range of sectors to improve

this provision. One of these sessions heard from care leavers themselves and members of the APPG are particularly grateful to April, James, Joe, Ralph, Macaulay and Matthew² for taking the time to come from across the country to the Houses of Parliament in order to contribute to this report.

The following Parliamentarians have taken part in the APPG's oral evidence sessions as part of the panels:

Julian Knight MP – APPG Chair and Inquiry Co-Chair

Trudy Harrison MP – Inquiry Co-Chair

Marion Fellows MP

Jonathan Reynolds MP

Michael Tomlinson MP

Steve Double MP

Norman Lamb MP

Lord Lucas

Lord Storey

The APPG is very grateful to the Money Advice Service (MAS)³ and HSBC UK for their generous sponsorship of the APPG's inquiry.

1.3 Remit and purpose of the APPG Inquiry

This report seeks to understand the measures that are being undertaken to support children in care in England in terms of the financial education they receive – and what more can be done to support them in understanding how to manage their finances and in forming positive financial habits. Financial education is a vital skill for all children and young people, which helps them manage their money well throughout childhood and ensures they are better prepared for financial stability in

1. <https://www.young-enterprise.org.uk/wp-content/uploads/2019/02/APPG-on-Financial-Education-for-Young-People-Final-Report-May-2016.pdf>

2. Surnames have been removed for anonymity purposes

3. The Money and Pensions Service was established in January 2019 and brings together the Money Advice Service, The Pensions Advisory Service and Pension Wise into one single organisation

later life. Children in care and care leavers are in particular need of effective and relevant financial education, yet often face greater gaps in its provision than children who do not have experience of the care system.

1.4 The situation facing young people in care

Under the Children Act 1989, a child is 'looked after' by a local authority if he or she falls into one of the following: is provided by the local authority with accommodation for a continuous period of more than 24 hours [Children Act 1989, Section 20 and 21], is subject to a care order [Children Act 1989, Part IV], or is subject to a placement order.

As of 31 March 2018 there were 75,420 children in care in England, continuing an upwards trend. The number of adoptions from care has continued to fall, with 3,820 children adopted from care, a decrease of 13% from 2017.⁴

For 19 to 21 year old care leavers, 6% were known to be in higher education, 20% were in other education, 25% were in training or employment. Of the care leaver population, 39% were known to be not in education, employment or training (NEET), compared to around 12% of the general population of all young people aged 19 to 21 years.⁵

Most children in the care system live with foster carers (73% as of 31 March 2018), while 11% of children in care are placed in children's homes, semi-independent living arrangements and secure units. Academic attainment for children in care is much lower than non-looked after children, particularly in writing and mathematics⁶, both of which are linked to lower financial capability.⁷ Looked after children are almost four times more likely to have a special educational need than other children.



4. Department for Education, Children looked after in England (including adoption), year ending 31 March 2018

5. Department for Education, Outcomes for children looked after by local authorities in England, 31 March 2018, 2019

6. Department for Education, Outcomes for children looked after by local authorities in England, 31 March 2018, 2019

7. Children and Young People and Financial Capability: Needs Analysis, MAS 2018

Young people in the care system generally leave care and reach independence at a younger age than many of their peers. They start to leave care when they are 16 and become fully independent when they are 18 – an age at which 90% of the general population are still living at home.⁸ While many young people will learn about budgeting, bills and household management from their experience in the family setting, such as saving for holidays, discussing the cost of the monthly energy bill or coping with a broken boiler, children in care do not have the same family support structure to learn from, with an abrupt and major transition from the care system. Young care leavers therefore often face a ‘cliff edge’ when leaving the care system, with many different competing priorities facing them, of which managing their personal finances is not necessarily a top priority.

With the State as their Corporate Parent, they are much less likely to have consistent and reliable financial support (‘the bank of Mum and Dad’) or dependable ongoing mentoring and support with regards to their finances that many young people rely on when they reach independence. Children in the care system are not consistently provided with opportunities to manage money and make mistakes which they could learn from while in a ‘safe’ environment before they reach independence.

Moreover, many young people in care will have suffered adverse childhood experiences that can impact on their mental and physical health, which can in turn have a detrimental effect on their education more broadly. It is therefore no surprise that existing research suggests that care leavers are more likely to fall into debt and face financial difficulties.⁹ Consequently, there is a pressing need to understand how financial education for children in care can be improved.

“They did not give me any tools to take with me into adult life. It is difficult. It is like learning on the job.”

Ralph

This inquiry is also timely because of two developments that particularly impact children in care and care leavers:

- 1) The first cohort of children in care will soon be able to access their Child Trust Fund (CTF) savings. These were provided by Government (with a Government payment of £50 to £250) to any child born in the UK between 1 September 2002 and 2 January 2011 and children will have full access to these funds on turning 18, worth from £450 upwards depending on additional contributions. Children in care were provided with a £500 opening balance from the Government. These funds could reach many thousands of pounds for the young people to spend as they like from the age of 18 (the first recipient of a maturing CTF will be on 1 September 2020). The Junior ISA for looked after children scheme replaced the support previously provided through CTFs for children in care, from 3 January 2011 – for children who have been in care for over one year, with a £200 Government opening payment. It is imperative that care leavers are equipped with the skills to manage these funds responsibly.
- 2) Children in care have an enhanced vulnerability to criminal predators. There are growing concerns around the impact of gang culture and the rise of ‘county lines’, with children in care being specifically targeted by criminal gangs to run drugs across the country. Children in care are more likely to face both a

8. Office for National Statistics 2017

9. The Children's Society, The Cost of Being Care Free, 2016

significant risk of fraud and identity theft, as well as being drawn into crime themselves.¹⁰ According to Cifas,¹¹ the number of identity fraud victims among under twenty-one year olds has reached a new peak, increasing by 24% in 2018 from the previous year. Cifas has also reported a steep rise in the number of young people acting as ‘money mules’, with a 26% increase for under twenty-one year olds between 2017 and 2018: in 2018, 10,686 young people under twenty-one were identified as acting as money mules. ‘Money mules’ are used for money laundering and criminals use an individual’s bank account to facilitate the movement of criminal funds, often using social media to approach their targets, with children in care particularly vulnerable to recruitment. The impact on the individuals can be a prison sentence and damaged credit score.

“It is not exactly taught in school how to stay away from fraud or people taking your identify, or even a poor credit score. None of that is taught. It is not taught anywhere really.”

Matthew

The APPG is therefore keen to consider what more can be done to better prepare children in care and care leavers for financial stability in later life. This report provides an outline of how financial education is currently provided to children within and outside the care system. It looks at the specific problems that children in care face in accessing and benefiting from financial education before making a series of recommendations on how to improve current provision.

“Young people – and increasingly younger and younger – are getting involved with gang culture and county lines issues... The education they are getting about the value of money is coming all the time from the wrong side, where we do not want it to come from.”

Jonathan Whalley, St Christopher’s

Our report is clear that there is no one silver bullet that will enable children in care to be adequately prepared in terms of their personal finances, but that a number of key stakeholders have a role to play - central Government, schools, local authorities, carers, Ofsted, the financial and voluntary sector all need to work together to ensure that children in care are provided with a sound foundation for independent lives, careers and families.

CASE STUDY: Ralph

Ralph is 19 and came into care at age 14. Prior to this he grew up in a family that did not have much money, but this gave him a good understanding of the importance of careful budgeting. In care, however, he only remembers receiving a limited financial education and believes he was not well equipped for independent living. Ralph had to rely on YouTube tutorials to learn how to carry out household tasks, admitting that YouTube had been of more practical assistance in terms of independent living than anyone who had been available in his life.

Ralph is a qualified welder and fabricator and now enjoys his work as a business and participation apprentice but like many other care leavers, has been a victim of fraud. Ralph was intimidated over social media, by a person or people who threatened to hurt his younger siblings if he did not open a web based bank account and then provide the log-in details to them. After doing this Ralph was told by the person committing the fraud that they had taken a £10,000 loan in his name.

10. Criminal Justice System statistics quarterly: December 2017

11. <https://www.cifas.org.uk/>

Ralph tried to log in to the banking app account to find out what was going on. The account was locked and threatening messages and calls were received by Ralph. Ralph has reported this to a leaving care worker and the police/fraud squad. Ralph found reporting the crime particularly difficult, he found it difficult to admit this had happened and felt that the response of support workers made him feel worse. Ralph still does not know if the fraud has been properly resolved and whether there is an account and loan in his name. This has left Ralph feeling anxious about safety and worried about future credit rating issues.

1.5 Overview of recommendations

Improving the provision of financial education in schools

- 1) Financial education should become statutory as part of the curriculum of primary schools. This would be best tackled in mathematics and PSHE.
- 2) Financial education should become statutory as part of the curriculum in PSHE in secondary schools.
- 3) The recommendations that remain unresolved in the APPG's 2016 report 'Financial education in schools: two years on – job done?' should be enacted.
- 4) Pupil Referral Units, SEND provision, other non-mainstream schools and the youth justice system, should all incorporate financial education on to the curriculum, where they do not already.
- 5) The list of dimensions of 'personal development' in the school inspection handbook and further education handbook should be amended to include explicit reference to 'developing the skills, knowledge and attitudes that enable children and young people to manage their money well and make sound financial decisions'.

- 6) Government should introduce a requirement (and provide funding) to ensure that Designated Teachers and other relevant pastoral staff in schools are trained in providing financial education at the earliest opportunity. In the meantime, local authorities should support Designated Teachers in obtaining these skills on a voluntary basis.
- 7) Government should introduce a requirement that financial education be included in the Personal Education Plan of all children in care, and that progress towards an individual's financial capability development be monitored by the Designated Teacher and Virtual School Head.
- 8) The Department for Education should work with the Money and Pensions Service to provide a template for a financial education provision map which Virtual School Heads should use to track where children in care miss out on the financial education provided by their school.

Supporting foster carers

- 9) Foster carers should have access to training, tools and resources to support them in the provision of effective money-related learning for all children in their care.
- 10) Foster carers should have access to consistent guidance on opening appropriate financial products to place savings for the children in their care.

Improving local authority provision and Government support

- 11) Government should review guidance provided to local authorities to ensure that financial education (particularly at key transition moments) achieves a high level of priority in the development of Local Offers and Pathway Plans. The Government should encourage peer review between local authorities.

- 12) A clear reporting framework should be put in place to ensure that all local authorities deliver financial education as part of their Local Offers and Pathway Plans. Reporting mechanisms could include the annual report of the National Implementation Adviser for Care Leavers or Ofsted's framework and guidance for inspecting local authority services for children in need of help and protection, children in care and care leavers.
- 13) Government should introduce a requirement (and provide funding) to ensure that Personal Advisers, social workers, children's home staff, and any other support workers working with children in care and care leavers are trained in providing financial education skills at the earliest opportunity. In the meantime, local authorities should support these support workers in obtaining these skills on a voluntary basis.
- 14) The case loads of Personal Advisers should be assessed in advance of adding additional care leavers to their care.
- 15) Central Government should provide funding to local authorities to increase the budget for the recruitment of their Personal Advisers.
- 16) Care leavers should not be penalised for building up savings. Care leavers should be exempt from Council Tax and from the TV Licence until the age of 25.
- 18) Banks should have clear policies in place to ensure that children in care can get access to a bank account. This must include consistent application of this policy across all branches and clear signposting for foster carers.
- 19) A one-stop-shop for the financial education of care leavers should be made available. This does not need to reinvent the wheel but merely needs to point parents, teachers, and local authorities to the resources that are already available online and elsewhere in each local authority and also nationally. The facility would need to be kept up to date and could be hosted by the Department for Education, the Money and Pensions Service or a third sector organisation, with these organisations working collaboratively to develop the site.
- 20) In addition to an online one-stop-shop resource, existing telephone and internet anonymous guidance lines should be supported by central Government funding and guidance and awareness raised of their availability, to provide care leavers with advice on money matters.
- 21) Funders and commissioners should consider the needs of potentially vulnerable children and young people including children in care in their decisions about allocation of resources and consider the potential for funding specific targeted programmes alongside or in addition to the financial education they currently fund.

Charities, business and guidance

- 17) Given the challenges for care leavers outlined in this report, the financial services sector should regard financial education of care leavers as central to its corporate social responsibility work and should ensure they meet the expectations of wider society by prioritising a significant amount of funding to financial education initiatives in schools as well as initiatives for children and young people in care.
- 22) The Money and Pensions Service should undertake a study providing a list of the range of opportunities available to children in care as well as to young people who have recently left the care system and best practice, and identify where there are out-of-school settings where financial education could be incorporated.

2 Financial education and the care system

2.1 The importance of financial education for children in care

Understanding how to manage money is a key skill that is necessary for all aspects of adult life. Financial education allows individuals to make informed decisions on a day to day basis – from budgeting the monthly expenses to building up a savings pot. It helps young people build the necessary confidence to plan for their futures, as well as developing a sense of resilience around any unexpected financial ‘shocks’ in life.

Technological change brings opportunities but also further challenges, with young people becoming a growing target for fraudsters and criminal gangs as financial transactions move increasingly online. They are seen both as a direct target to defraud as well as a group who can easily be manipulated: for example to act as ‘money mules’ and help transfer money acquired illegally, as well as to act as drug-runners in ‘county lines’.

The approximately 75,000 children in care in England are among the most vulnerable members of society. They have often experienced traumatic childhood events and many lack the family support networks that others tend to take for granted. They leave the support of the care system a long time before many of their peers leave the support of their families, and are particularly vulnerable at transition to independent living.

A Social Market Foundation report from 2018, indicates that children in care still have a disadvantaged start in life, stating:

- only 14% of children in care achieved 5 A*-C GCSEs (including maths and english) in 2015, compared to 55% for the national population;
- children in care are five times more likely to face exclusion at school and care leavers between 19-21 are three times more likely to be NEET;

- children in care are more susceptible to exploitation by criminal networks, significantly overrepresented in the youth justice system and 25% of the adult prison population has previously been in care;
- around half of children in care are estimated to have diagnosable mental health issues.¹²

Our conversations with young people who have experience of the care system have shown us that these young people still have the same ambitions for building successful careers and independent lives, yet they are starting from a significantly disadvantaged foundation.

CASE STUDY: Joe

Joe is 21. He grew up in a children's home where he had a Residential Care Worker. Although he attended some sessions around budgeting, there was little further support or advice for Joe to access. Joe has a very good relationship with his Residential Care Worker, who showed him how to open a bank account and encouraged him to work hard at school and attend college. He credited her for guiding him when he left the children's home. His key worker continued to come and see him, despite not being required to. Joe's Residential Care Worker continues to give Joe floating support and he can reach out to her if he ever needs to, for advice and support.

Joe was involved in a local authority apprenticeship scheme which he has now completed. As part of this scheme the local authority worked in partnership with a credit union that gives him advice on money and savings. During the apprenticeship the local authority also transferred agreed amounts of money from his wages to the credit union saving account on a monthly basis.

12. Social Market Foundation, Looked-after Children: The Silent Crisis. 2018

Care leavers reach financial independence at a younger age and often with less support than their peers. Young people leaving care can experience sudden transitions into independent living, from having little financial responsibility to total financial freedom, alongside navigating a range of complex requirements and daily tasks, including paying rent, bills, household supplies and budgeting for food and transport, with limited means. Managing this requires a combination of knowledge, skills, attitudes and experience, all of which must be in place before a young person leaves the care system.

“When I moved in to my flat I did not even know I had to pay a water bill. I thought water was free. It falls from the sky so why do we pay for it?”

Ralph

The Centre for Social Justice suggests that more than half of care leavers find it difficult to manage money and avoid debt.¹³ Children in care, more than any other cohort of young people, need consistent exposure to experiential learning opportunities, conversations and contextualised learning, to enable them to build the skills to manage their finances effectively. The Money Advice Service (MAS)¹⁴ produced a ‘needs analysis’ in 2018 summarising relevant research on the financial capability needs of young people¹⁵, as well as an evidence review for financial capability.¹⁶

Effective financial education to prepare children in care is an essential pre-requisite to empower these young people to lead independent lives – a skill that must be developed from an early age, not just

introduced when young people, and care leavers in particular, are reaching financial independence.

“I think they should do financial education bit-by-bit and not give you too much information at one go because then you really lose interest.”

April

2.2 The provision of financial education in schools and why children in care are missing out

2.2.1 General provision of financial education

Financial education became a statutory part of the national curriculum at secondary level in England in September 2014, following a successful campaign by the APPG on Financial Education for Young People, including Martin Lewis OBE, and a number of key stakeholders. As a result, state-maintained secondary schools have a mandate to include financial education lessons as part of citizenship, and as a context for learning within mathematics, at Key Stage 3 and Key Stage 4.

While Personal, Social, Health and Economic (PSHE) education has three core areas – Relationships; Health and Wellbeing; and Living in the Wider World, which focuses on economic wellbeing – only the first two areas will be mandated in all schools from 2020. The Government decided in July 2018 not to make the third core area ‘E’ for Economic mandatory.¹⁷

13. Centre for Social Justice, *Survival of the fittest? Improving life chances for care leavers*, 2014

14. The Money and Pensions Service was established in January 2019 and brings together the Money Advice Service, The Pensions Advisory Service and Pension Wise into one single organisation

15. Ann Griffiths and Shadi Ghezelayagh, *Children and Young People and Financial Capability: Needs Analysis*, MAS 2018.

16. *Developing Financial Capability in Children and Young People: A review of the Evidence*, MAS 2018

17. Secretary of State for Education Rt Hon Damian Hinds, written statement, July 2018

The APPG, as well as teachers and parents, welcomed the Government's decision to make financial education lessons compulsory from 2014 in secondary schools as part of maths and citizenship. The APPG's 2016 inquiry into the provision of financial education in schools found that 94% of secondary school teachers agreed or strongly agreed that financial education gives students an essential life skill and there is also evidence to suggest that young people in care are keen to be taught about financial education as a means of furthering their futures.

Clear gaps remain, however, in the provision and delivery of financial education in schools, as pointed out by MAS in its September 2018 report 'Children and Young People & Financial Capability: Provision Analysis'. No similar mandate to include financial education lessons exists at primary level in England; and academies, free schools and independent schools have no obligation to teach it – impacting all children, not just those in care.

In addition to this, as it is not mandatory to teach financial education within PSHE at either secondary or primary level, students are at risk of not gaining an understanding of the crucial 'personal' aspects of financial capability that cannot be tackled in maths and citizenship (e.g. attitude to risk and budgeting). As a result, care leaver Ralph asked during the inquiry ***"we have sex education so why don't we have financial education?"***. Only 47% of young people (ages 12-17) surveyed stated that they are learning about money at school and as a result, only 43% of young people claimed to feel confident with managing money.¹⁸

Research by MAS goes as far as to state that only 25% of schools have adequate financial capability training for pupils. This lack of

training and specialised subject knowledge among teachers themselves may be a key factor behind the lack of consistency in financial education in schools.¹⁹

"Financial education needs to be taught in school before you even start doing your exams from twelve upwards"

Joe

2.2.2 Specific measures aimed at children in care

All schools have a 'designated teacher for looked after and previously looked after children' in place. **Designated Teachers** have a responsibility to promote and support the educational achievements of children in care and children who have previously been in care, at their school. They do not however, have any particular focus on financial education. In most schools these individuals have their own teaching roles and responsibilities that go beyond focusing on children in care.

Local authorities also play an important role in appointing a **Virtual School Head**. The Children and Families Act 2014 made it a legal requirement for all local authorities to have a Virtual School Head to promote the educational achievement of children cared for by the local authority and ensure that the local authority is fulfilling its legal obligations as a corporate parent. The accountability they provide has been praised by numerous organisations that responded to the inquiry, with the National Association of Fostering Providers referring to them as ***"the 'pushy parent' that children in care sometimes lack and need"***. Virtual School Heads liaise with

18. Money Advice Service, Press Release: 'The kids aren't alright: Just 40% are taught money skills at school', 2016

19. Money Advice Service, Financial education in secondary schools in England, 2018

the Designated Teachers within schools in their local authority to develop and support Personal Education Plans (PEP) for all children in care (see section 2.3.1).

2.2.3 Why are children in care missing out on financial education in schools?

Children in care are more likely than their peers to miss out on key sections of their school education and often have particularly chequered experiences in education as a result of frequently moving schools. Indeed, research conducted by the Children's Commissioner suggests that three quarters of children in care experienced some kind of instability in 2018, either through moving placement, changing schools or having a new social worker.²⁰ While this is an issue that has an impact on children in care across all school subjects, the patchy provision of universal financial education across schools and the

lack of a consistent measurement framework makes this a particular problem for children in care to access financial education, and it is entirely feasible that children in care completely miss out on any financial education lessons that are provided by schools.²¹

Some children who have experience of the care system attend Pupil Referral Units (PRUs). PRUs provide education for young people who are excluded or otherwise unable to attend a mainstream school. As PRUs don't need to follow the national curriculum, they are even less likely than mainstream schools to cover personal finance adequately. There are specific requirements around providing a broad and balanced curriculum, but what is delivered varies substantially.

"I was in a pupil referral unit and they did not teach you anything about financial education. They just teach you to do maths, science and english and then expect you to be on your way"

Macaulay



20. Children's Commissioner. Stability Index 2018, Overview and Findings, 2018.

21. All Party Parliamentary Group on Financial Education for Young People report. Financial Education in Schools: Two Years On - Job Done?, 2016

In terms of the justice system, young people who have been in the care system for at least 12 months are also five times more likely to offend than children in the general population.²² It is therefore essential that the youth justice system covers financial capability as an element of education.

The gaps in provision of financial education in schools can lead to what The Share Foundation calls *“a double jeopardy”* for young people in care, who will share the same limited provision of financial education in schools experienced by all young people, but will additionally suffer *“acute instability in both their home and school experience”*. The result of this is a group of vulnerable young people who are disproportionately ill-equipped to tackle the challenges of independent living and money management, and therefore disproportionately at risk of debt, unemployment and fraud. According to the charity Become, one in three care leavers were in debt, while a 2015 Action for Children Survey found that 59% of the most vulnerable young people would not go to the bank, as they find them intimidating.²³

Designated Teachers could play a role in checking whether a child in care is benefitting from financial education, but they already face a large set of competing priorities. There is also a case for providing children in care with a dedicated in-school offer of financial education, but our evidence suggests that children in care would not want any measures that would single them out from their peers in school.

2.3 Lack of safety net and access to financial education outside of school

It is clear that we cannot rely on school provision alone to provide children in care with the financial education they require. This

puts a clear focus on the support network that is provided outside of schools. However, the very fact of being in care puts a child at a comparative disadvantage in this context, as it is often parents and families who tend to provide a natural and continuous learning environment for developing money management skills. With local authorities and foster carers effectively taking over the role of parents, care leavers often have a very different relationship to money than their peers who grow up with their families, as they may not have had the experience of handling money in the same way.

2.3.1 The provision of financial education by local authorities

Local authorities act as the corporate parents of looked after children until they are recognised as adults from their eighteenth birthday, and they continue to have a responsibility for them until age 25. They therefore have a vitally important role in the provision of financial education, both for children in care and care leavers and there are a number of requirements within statutory guidance to encourage local authorities to deliver financial education to children in care and care leavers.²⁴

“I would argue that if the policies were more rigorously adhered to within local authorities around residential care and foster care, staff would be carrying out financial training with their young people... They are supposed to do it, it is supposed to happen, all the policies are there, it is all written down, it all looks fantastic, but on the ground it tends not to happen for all sorts of very admirable reasons.”

Alice Frank, Catch 22

22. Ministry of Justice, Criminal Justice System statistics quarterly: December 2017, 2018

23. Action for Children, Getting a fair deal? How to help vulnerable young people manage their money, 2015

24. The relationship between local authorities and children in care is largely governed by the Children Act 1989, but we specifically reference subsequent changes where they are relevant to children in care

- All children in care aged 0-18 should have a **Personal Education Plan (PEP)** to support the transition to leaving care. Children can move into semi-independent accommodation, which they may do around 16-17 years old, or into supported or independent accommodation from 18 years old. The PEP is an evolving record of what needs to happen to enable children in care to make expected progress and fulfil their potential. It is expected to cover a wide range of needs from the early years to adulthood to support them in later life. PEP guidance already refers to a number of topics that fall under the wider topic of financial education, including information on further and higher education, training, employment and managing money and savings.²⁵
- Children in the care system also have a **Pathway Plan** created for them to support their transition to leaving care.
- Local authorities further have a duty to publish a **Local Offer**, which sets out in one place the provisions that care leavers have access to and advertises where young people can access help and information about managing their finances.
- Local authorities are also expected to provide a **Social Worker** for every child or young person in care up to the age of 18. They are further expected to allocate a **Personal Adviser** to support all care leavers as they reach independence. As a result of the Children and Social Work Act 2017, this provision is available to care leavers up to the age of 25. Personal Advisers are a statutory requirement and are expected to provide young people with practical and emotional support, as well as monitoring the implementation of a care leaver's Pathway Plan.

Personal Advisers do enormously important work in supporting young people as they transition to independence, and crucially the statutory guidance on transition planning for care leavers does emphasise the importance of assessing and supporting the development of the young person's financial capability (including access to products, budgeting and saving). However, as we shall see in the next section, in terms of financial education there are several barriers that affect the support Personal Advisers bring to the young people they work with.

“The Personal Adviser is a most fantastic role and if the relationship works it can be great, but more resources need to go in to it. There needs to be more training and support so that those Personal Advisers become experts in all the benefits and all the finances that care leavers need to know.”

David Graham, The Care Leavers' Association

2.3.2 Local authorities, as corporate parents, struggle to fulfil the role of families

Our evidence clearly suggests that many local authorities proactively seek to implement effective frameworks for care leavers, and that social workers and Personal Advisers do their best in supporting children in care and care leavers. For example, Essex County Council produces a Finance Handbook which provides detailed information on all aspects of financial support for care leavers which is regularly updated, but this is not mandatory across other local authorities. Our evidence also demonstrates that local support systems for children in care are under pressure and that local authorities and care professionals face competing demands on their finances, time and other resources.

25. Department for Education, Promoting the education of looked after children and previously looked after children Statutory guidance for local authorities, 2018

Of the young people who gave evidence to the APPG, some cited difficulties in engaging with their social workers and Personal Advisers, while others were full of praise for them and their local authorities. We have also heard that Personal Advisers, social workers, and other professionals working with children in care and care leavers, do not always feel confident delivering financial education as they lack adequate training to support young people to learn money management skills. This inconsistency is also evident in the accounts the inquiry heard from care leavers themselves.

“I feel once you turn 18 they just give up”

April

This means that care leavers, though they are often resilient and determined in overcoming the additional barriers and challenges they face, are often unprepared for the realities of adult life and are at risk of falling into precarious financial situations.

CASE STUDY: April

April is 22. She recalls having some financial education through her local authority, including a workshop when she was 16, but admitted that she did not find it useful at the time, and would have valued more support when she got her own flat. April says that when she gained independence, she had no idea how many bills she would have to pay. April is now looking into attending university but is facing numerous barriers accessing student finances. If she attends university outside of London, she fears having to give up her flat. She also worries that if she does receive student finance, she cannot access Universal Credit. Although April is now managing well in her property, she felt that when she turned 18, she was “given up on” by the system.

The current specification for a Personal Adviser does not require any specific training in financial matters and they may not themselves have a thorough understanding of personal finance, despite being required to cover issues relating to financial capability with care leavers. The Government’s 2016 report ‘Keep on Caring: Supporting Young People from Care to Independence’ stated that *‘It is crucial that Personal Advisers are able to give care leavers good quality information about managing their money, from budgeting to paying bills on time. Through our review of the Personal Adviser role we will consider how we can best ensure that Personal Advisers are equipped to carry out this role’*. No further action was taken, however. There will therefore be inconsistencies in the level of financial guidance that Personal Advisers will be able to provide and some may not have the time to provide sufficient one-to-one guidance on financial matters such as budgeting, saving money and avoiding debt.

“Budgeting is a top financial education priority...it avoids a crisis. Because if you budget you have got this much for bills, this much for food”

James

Personal Advisers can have a large group of care leavers to look after, with limited time to focus on each young person, with caseloads increasing and with competing demands on their time.

“Ideally you would see Personal Advisers with much smaller caseloads so that they could offer much more individual support... you have twenty kids and one of them has just tried to kill themselves so that is the one you are going to concentrate on. You are not going to be doing financial education with the other nineteen because you just do not have that sort of time.”

Nicola Smith, Barnardo's

2.3.3 The role of foster carers

Foster carers can play a hugely valuable role in supporting young people to manage their money and teaching them about the benefits of saving. Although parental responsibility sits with the Corporate Parent, which in most cases is the local authority, evidence suggests that children living with foster carers practice managing money in a safe environment that can mimic a family support network, through discussing savings, weekly shops, and understanding household bills.

Children in foster care will have a statutory care plan as well as a placement plan (as do all children in care) that states the aims of their placement and how it is expected to work. Social workers and foster carers will work together to implement the plan and an Independent Reviewing Officer will chair an annual review to ensure they are happy and progressing in care. Foster carers themselves will also receive guidance from fostering agencies, including peer support from other experienced carers, and are expected to engage in continuing professional development.

Young people in England have the right to ‘stay put’ with their foster families when they reach 18 if both parties agree. The Children and Families Act 2014 requires local

authorities to facilitate, monitor and support ‘staying put’ arrangements for fostered young people until they reach the age of 21 (local authority support will continue for a care leaver even after the ‘staying put’ placement ends, until the age of 25).²⁶ Evidence suggests however, that the numbers of young people staying with their former foster carers is falling.

There are therefore a number of welcome steps in place to ensure that young people and their foster carers are well-supported, but evidence suggests that little of this support focuses around provision of financial education in particular. As with teachers, foster carers may lack confidence in their own skills and knowledge of financial education, to then impart this knowledge to children in care.

CASE STUDY: Matthew

Matthew is 20. He has been with the same foster family since he was seven and he credits them with bringing him up with a good financial understanding. He has learned from them by going out shopping and seeing what they buy and says that the stability of his life in care has helped him greatly. He is still living with them as part of the Staying Put programme, but pays his foster carers rent now that he is earning. He cooks for himself and saves up enough money to go to Camp America every summer. The experience of travelling also helped him learn how to carefully budget. Although Matthew appears confident with money, he believes that he would have benefited from financial education at school.

26. Department for Education, Keep On Caring – Supporting Young People from Care to Independence, July 2016

2.3.4 Why do foster carers find it difficult to provide adequate financial education

Many foster carers try to provide natural learning opportunities, but foster children often do not tend to have the same key relationship continuity as their peers. Furthermore, the fact that foster carers receive a financial award for looking after children may also affect relationships and can result in feeling among some children in foster care of being 'paid for.' There are also concerns about whether foster carers can easily access appropriate guidance and training to actively provide learning opportunities for money management skills.

Foster carers can routinely provide children with pocket money and savings, which when starting from an early age can be hugely beneficial in developing a child's financial skills over time. However, evidence from The Fostering Network highlights that foster carers often struggle to help the children in their care with opening a bank account – a key step in learning to manage money.

Foster parents can find it difficult to navigate the application process and meet the bureaucratic requirements that banks have put in place, because they cannot prove parental responsibility and rarely hold passports, birth certificates or other original forms of identification, for their foster children. There is also often lack of consistency between bank branches for procedures related to children in care. Overall, our evidence suggests that while foster carers may be confident in providing financial education, they require greater practical support to undertake this task effectively.

CASE STUDY: James

James is 17. James has been with his foster carers for five years. According to James, his carers have given him stability and financial guidance, but he admitted that this was often a matter of luck. James has had previous experiences with care homes and foster carers who happily gave him money without any guidance around the concept of delayed gratification or the importance of budgeting. His foster carers now, however, taught him that if he does not save money appropriately, he will not be able to afford things in the future. As a result, he went to a bank himself and opened an account.

He found the bank to be useful in providing information about savings and overdrafts, but despite James' clear efforts to remain financially secure, he has been a victim of fraud. Despite numerous calls to the bank, it took James 12 weeks to stop large fraudulent payments coming out of his account.

2.3.5 Children in residential care

Some young people move into semi-independent accommodation at age 16-17, with independent accommodation from age 18 plus. Other care leavers move into supported independent accommodation. For those children who live in residential homes, the provision of the continuous learning opportunities and experience with personal finance matters that are usually provided by families is even more difficult to replicate. For example, while children in residential homes are provided with pocket money, they tend to have to spend this in a controlled environment where receipts need to be provided. This does not engender the same learning experience that many children have with their parents.

“I think it is very much luck. I have been in a lot of care homes and it is very much luck how they treat you and how they raise you in financial matters”

James

Evidence submitted to the inquiry has also shown that young people in residential children's homes are discouraged from discussing finances with their peers and are therefore uncomfortable generally talking about money. They are insulated from money matters while in residential care, only to face a huge gap in finance management ability when they reach independent living.

2.4 The work of the voluntary sector and private sector

Evidence suggests that there are a number of projects being carried out across England and the devolved nations that are seeking to specifically equip young people in care and care leavers with financial skills. Many of these also appear to have yielded impressive results, but unfortunately, they do not reach all young people in care. Despite this, many of

these have been credited by children in care and care leavers with improving their financial capability.

Charities such as St Christopher's, which supports children in care and care leavers, have taken their own steps to provide children in care with practical skills, providing nationally recognised, accredited qualifications to young people when they complete practical skills. These qualifications not only provide young people with a sense of achievement but can be used to help them secure college places, apprenticeships and employment. As well as qualifications and workshops, charitable organisations have also produced useful resources for children in care and care leavers to access.

MyBnk has also designed and delivered a range of financial education programmes designed to equip children in care for independent living. 'The Money House' programme provides a week-long, non-residential simulated living programme and targets young children in care and care leavers. It has seen a 45% reduction in participants incurring bank charges and missing bills and a 27% increase in confidence in managing money.



There are also interventions aimed at supporting the practitioners who work with young people in care. The Young Money project 'Vulnerable Young People Practitioner Training', provides tailored financial education support to practitioners working with young people in care, equipping these practitioners with the knowledge and confidence to deliver quality financial education that meets the specific needs of young people in care.

“The industry as a whole has a responsibility to provide financial education beyond numeracy. There are many firms which have that driving interest without a doubt. We can see by some of the funding that takes place there are large chunks of money coming in from some firms into different initiatives that take place in different places. That is great. The problem is it is cyclical, it is not consistent, and it does not last for ever.”

Carol Knight, TISA

As well as input from the charity sector, a number of initiatives can be found across the banking sector that seek to facilitate greater financial education for children in care. Barclays have a 'LifeSkills' programme aimed at 11-24 year olds that provides them with key employability skills and they are currently piloting work with a small group of children in care to give them intensive and tailored LifeSkills sessions focused around financial capability. Barclays have also signed the Government's Care Leaver Covenant²⁷ to support care leavers with their financial capability.

HSBC UK meanwhile, accepts alternative identification and address verification documents, such as a letter from a social worker to make it easier for children in care and care leavers to open bank accounts. Small practical provisions that make financial capability more accessible to looked after children and care leavers are welcome steps that are as important as widescale initiatives that provide financial education.

The above represent only a small number of the wealth of programmes and initiatives outlined to this inquiry through written and oral evidence. It is evident however, that few of these initiatives and programmes have the funding and scope to make a widespread and systematic impact on the provision of financial education for children in care and care leavers. MAS identified in its needs analysis review that of 131 financial capability interventions across the UK, only 5 interventions in England targeted children in care, and only 8 in England targeted care leavers. The charity sector is unable to date, through lack of resource, to reach the 10,000 young people who leave the care system every year.²⁸

27. Care Leaver Covenant for England, October 2018

28. National Audit Office, Children and young people in care and leaving care, 2016



3 Recommendations

3.1 Missing out on financial education has life-long impacts

The patchy provision of financial education in schools and the lack of a fixed family support network negatively impacts children in care when they transition into independent living. Not only do children in care make the important step into independent living when they are younger than their peers, they also face a steep cliff edge. Suddenly, and with often little preparation, they need to manage discretionary and mandatory costs and navigate a complex benefits and allowance system. An aggravating factor is that financial support for children in care is often provided in relatively large lump sums (e.g. the Leaving Care Grant²⁹), with rent being paid to the claimant's bank account rather than to the landlord direct, making the need for effective money management skills even more relevant. If things go wrong the problems can escalate very quickly.

Local authorities do provide some crucial support via Personal Advisers until the age of 25, but this rarely matches a close-knit support network that a family can provide. While their peers may be able to return home or enlist the support of parents when things go wrong, children in care and care leavers have to manage these difficult situations by themselves. This can have fundamental consequences, including debts to payday lenders, bailiffs, food insecurity and homelessness.

As a result, children leaving care are expected to become fully independent, often with little preparation for the increasingly complex world of financial responsibility, and often with little to no support.

CASE STUDY: Macaulay

Macaulay is 19. He spent much of his childhood in a care home. The care home did not seem to care if Macaulay attended school or stayed at home, but his allowance would be halved if he did not attend school. He struggled with school and did not attend as a result. He began attending a pupil referral unit instead, where he did not gain any financial education. He struggled to get on with his key worker but did build a relationship with the care home manager, who took him shopping when he moved to independent living at 18. Macaulay struggles with his finances, currently living off £150 a month. After he pays for gas, electricity and food he has almost nothing to get him by until the next month.

There is a clear indication that the failure to provide children in care with an appropriate level of financial education risks having long-term effects. A lack of money management skills when care leavers are entering their late teens and early twenties can prevent them from building a stable foundation for leading independent lives, careers and families.

Intervention needs to take place at multiple levels and with multiple different opportunities at different times for young people to acquire the basic knowledge, skills and attitudes to manage their money - and requires concrete commitments from central Government, local authorities, foster carers and charities.

It is clear that local authorities are already under financial pressure and in this report, we focus on actions that are achievable and practical, rather than just financial. However, as the Housing, Communities and Local Government Committee outlined in its recent

29. Care leavers can ask the local authority for £2,000 towards setting up home, making sure that they have the equipment and household items they need to set up safe, secure and stable accommodation

report, investment is needed in children's services more generally.³⁰ We see our report as complementary and strongly believe that extra attention should be given to children in care and that improving their financial education can make a significant difference.

3.2 Improving the overall provision of financial education in schools

While not specifically targeted at children in care, an improvement in the provision of universal financial education across the school system would significantly increase the opportunities of children in care to benefit from it.

Our evidence shows that children benefit from the continuous learning of money management skills and that this education should start at an early age. However, financial education is currently not a compulsory part of the primary school curriculum, which is clearly at odds with how and when children learn these skills. We therefore believe that there is strong justification for making financial education a compulsory subject in the primary school curriculum, one of the recommendations of the 2016 APPG report. It is clear that a good level of financial capability is best achieved when it commences early. It is also the case that there is lower non-attendance at primary schools.

Recommendation 1: Financial education should become statutory as part of the curriculum of primary schools. This would be best tackled in mathematics and PSHE.

It is essential that financial education should become a part of the mandatory secondary school curriculum within PSHE. The Secretary of State for Education should reconsider the decision not to make financial education statutory as part of the PSHE curriculum in secondary schools in England.³¹

Recommendation 2: Financial education should become statutory as part of the curriculum in PSHE at secondary schools.

It is clear from the APPG's 2016 report that there are still other policy recommendations that remain to be put in place to ensure that financial education is being properly covered in secondary schools since it was put on the secondary school curriculum in 2014.

Recommendation 3: The recommendations that remain unresolved in the APPG's 2016 report 'Financial education in schools: two years on – job done?' should be enacted.

Looking beyond mainstream education, given that some children in care attend Pupil Referral Units and other special schools, financial education should be provided on the curriculum of non-mainstream schools, SEND provision and in the youth justice system. In 2018 the Government announced an initiative to ensure that the youth justice system focusses on education, and financial education should be part of this initiative as a key life skill.

Recommendation 4: Pupil Referral Units, SEND provision, other non-mainstream schools and the youth justice system, should all incorporate financial education on to the curriculum, where they do not already.

Our evidence suggests, however, that simply making financial education a compulsory subject will not be sufficient. Despite attaining compulsory status at secondary level in 2014, financial education has not achieved the cut through that we would have expected. With schools understandably focused on meeting the expectations that Ofsted is setting for them, financial education does not get the focus and attention that it deserves.

30. Housing, Communities and Local Government Committee, Funding of local authorities' children's services, Fourteenth Report of Session 2017–19, 2019.

31. Secretary of State for Education Rt Hon Damian Hinds, written statement, July 2018

The announcement in May 2019 by Ofsted of a new inspection framework could indicate a way to adjust this. We suggest that financial skills, knowledge and attitudes should be included in the list of dimensions of 'personal development', in the Ofsted school inspection handbook and further education handbook. This will help to strengthen the focus of schools and colleges on financial capability.

Recommendation 5: The list of dimensions of 'personal development' in the school inspection handbook and further education handbook should be amended to include explicit reference to 'developing the skills, knowledge and attitudes that enable children and young people to manage their money well and make sound financial decisions'.

Given the responsibility that the Designated Teacher and other pastoral staff have for children in care in their school, and the contact and mentoring they have with children in care within their schools, it is important for them to be confident in money management mentoring and training.

Recommendation 6: Government should introduce a requirement (and provide funding) to ensure that Designated Teachers and other relevant pastoral staff in schools are trained in providing financial education skills at the earliest opportunity. In the meantime, local authorities should support Designated Teachers in obtaining these skills on a voluntary basis.

It is equally important that the financial education provision for children in care is appropriate to individual needs and that progress is measured.

Recommendation 7: Government should introduce a requirement that financial education be included in the Personal Education Plan of all children in care, and that progress towards an individual's financial capability development be monitored by the Designated Teacher and Virtual School Head.

As children in care frequently move schools and have a disrupted experience of the

financial education that is provided in schools, there should be monitoring of when children in care have missed out on key financial education lessons in school.

Schools should develop and share with their Virtual School Head a financial education provision map. This would identify where different financial topics are delivered within the school and enable both the Designated Teacher and Virtual School Head to see what each student, including children in care, will have covered at different points of their school life. Should a new child in care arrive at, or leave, a school the provision maps from previous schools will be able to clearly identify any gaps in the financial education they have received.

Recommendation 8: The Department for Education should work with the Money and Pensions Service to provide a template for a financial education provision map which Virtual School Heads should use to track where children in care miss out on the financial education provided by their school.

3.3 Providing more support for foster carers

Foster carers have a crucial role in the development of financial knowledge, skills and attitudes of the children in their care, however we received no evidence to suggest that there is any specific support or training accessible to help them in this. Just like teachers, there is often a need to support both knowledge and confidence of foster carers to ensure they can engage most effectively around money with the children in their care. A key part of this support would focus on professional development training, as well as access to supporting tools and resources.

Recommendation 9: Foster carers should have access to training, tools and resources to support them in the provision of effective money related learning for all children in their care.

Foster carers are expected to put aside regular savings for every child in their care, and in the vast majority of cases it is the foster carer's responsibility to open the relevant financial product in which to place these savings. The guidance and support provided to foster carers in making the right choice for each child in their care varies significantly from one local authority to another. Such choices, made on behalf of the child in care, can have unintended consequences in terms of accessibility and growth of funds. Consistent guidance should be made available to all foster carers.

Recommendation 10: Foster carers should have access to consistent guidance on opening appropriate financial products to place savings for the children in their care.

3.4 Local authorities and Government

Local authorities and care professionals face competing demands on their finances and time. This might explain why financial education does not always get the attention it deserves, even though its importance is clearly highlighted in statutory guidance on the development of Pathway Plans and Local Offers. Our evidence also suggests that there is some degree of confusion around the degree to which financial education actually needs to be delivered and we thus believe that existing guidance could be clearer.

Recommendation 11: Government should review guidance provided to local authorities to ensure that financial education (particularly at key transition moments) achieves a high level of priority in the development of Local Offers and Pathway Plans. The Government should encourage peer review between local authorities.

We have heard of many examples where good work is being done and while clearly drafted guidance will go some way to addressing gaps in provision in other parts of the country, further pressure is needed to incentivise local

authorities to make financial education a core part of the services for children in care. This could be done through a clear reporting framework.

Recommendation 12: A clear reporting framework should be put in place to ensure that all local authorities deliver financial education as part of their Local Offers and Pathway Plans. Reporting mechanisms could include the annual report of the National Implementation Adviser for Care Leavers or Ofsted's framework and guidance for inspecting local authority services for children in need of help and protection, children in care and care leavers.

Personal Advisers and support workers involved in other support pathways for children in care and care leavers do not always have the skills or confidence to impart money management skills. Existing guidance is not very specific in this regard, as it only requires a Personal Adviser to have knowledge of the sources of financial support for young people.

Given that Personal Advisers are the key contact person for care leavers, we believe that it should be made a requirement for Personal Advisers to be trained in how to impart financial education. This suggestion was discussed during the parliamentary debate of the Children and Social Work Act 2017 but was ultimately not implemented. With large caseloads, Personal Advisers can understandably struggle to provide enough mentoring and advice to each individual. Where resources permit, a reduction in the caseloads would also be desirable.

Recommendation 13: Government should introduce a requirement (and provide funding) to ensure that Personal Advisers, social workers, children's home staff, and any other support workers working with children in care and care leavers are trained in providing financial education skills at the earliest opportunity. In the meantime, local authorities should support these support workers in obtaining these skills on a voluntary basis.

Recommendation 14: The case loads of Personal Advisers should be assessed in advance of adding additional care leavers to their care.

Recommendation 15: Central Government should provide funding to local authorities to enable them to recruit more Personal Advisers.

Given the challenges that care leavers face when leaving the care system, they should be exempted from certain provisions. They should be permitted and therefore encouraged to build up savings when applying for benefits. Some local authorities exempt care leavers whereas others do not.

Recommendation 16: Care leavers should not be penalised for building up savings. Care leavers should be exempt from Council Tax and from the TV Licence until the age of 25.

3.5 Charities, business and guidance

We have heard from numerous third sector organisations that deliver impactful programmes on financial education, including the Share Foundation, MyBnk and Young Money. Some of these programmes are aimed directly at children while others train the trainers. Given that such a broad choice of programmes are available, we find it questionable that these programmes are not being universally adopted by local authorities. A reason for this could be that there are only a small number of programmes that specifically target children in care, but more could be done to fund these resources.

Recommendation 17: Given the challenges for care leavers outlined in this report, the financial services sector should regard financial education of care leavers as central to its corporate social responsibility work and should ensure they meet the expectations of wider society by prioritising a significant amount of funding to financial education initiatives in schools as well as to initiatives for children and young people in care.

Banks can make it easier for foster parents to open bank accounts on behalf of their foster children. Our evidence suggests that the problems that foster parents encounter in this regard are a matter of implementation rather than a lack of availability of appropriate banking products.

Recommendation 18: Banks should have clear policies in place to ensure that children in care can get access to a bank account. This must include consistent application of this policy across all branches and clear signposting for foster carers.

An underlying issue that runs across most of the recommendations that we have made in this report is that there is a fairly low level of awareness of financial education programmes, best practice and resources. For example, local authorities are not utilising interventions that have been successful in other parts of the country and teachers do not tap into available teaching material that would enable them to better impart money management skills. It is imperative that examples of best practice and successful initiatives are taken up across the education and care system, and readily available resources are made more accessible to local authorities, teachers, carers and young people and are signposted adequately.

Recommendation 19: A ‘one-stop-shop’ for the financial education of care leavers should be made available. This does not need to reinvent the wheel but merely needs to point parents, teachers, and local authorities to the resources that are already available online and elsewhere in each local authority and also nationally. The facility would need to be kept up to date and could be hosted by the Department for Education, the Money and Pensions Service or a third sector organisation, with these organisations working collaboratively to develop the site.

Advice lines do exist for care leavers and existing initiatives could benefit from extra resource to ensure guaranteed availability and raise awareness of them.

Recommendation 20: In addition to an online ‘one-stop-shop resource’, existing telephone and internet anonymous guidance lines should be supported by central Government funding and guidance and awareness raised of their availability, to provide care leavers with advice on money matters.

The inquiry found that funders often prioritise programmes which fund the most numbers of students, whereas programmes focussing on care leavers are often with small cohorts of young people.

Recommendation 21: Funders and commissioners should consider the needs of potentially vulnerable children and young people including children in care in their decisions about allocation of resources and consider the potential for funding specific targeted programmes alongside or in addition to the financial education they currently fund.

Recommendation 22: The Money and Pensions Service should undertake a study providing a list of the range of opportunities available to children in care as well as to young people who have recently left the care system and best practice, and identify where there are out-of-school settings where financial education could be incorporated.



4 Annex

4.1 Inquiry Panel members

The following Parliamentarians have taken part in the APPG's oral evidence sessions as part of the panels:



Julian Knight

Member of Parliament for Solihull – APPG Chair and Inquiry Co-Chair



Trudy Harrison

Member of Parliament for Copeland, Conservatives
– Inquiry Co-Chair



Steve Double

Member of Parliament for St Austell and Newquay, Conservatives



Marion Fellows

Member of Parliament for Motherwell and Wishaw, SNP



Norman Lamb

Member of Parliament for North Norfolk, Liberal Democrats



Lord Lucas

Member of the House of Lords, Conservatives



Jonathan Reynolds

Member of Parliament for Stalybridge and Hyde, Labour



Lord Storey

Member of the House of Lords, Liberal Democrats



Michael Tomlinson

Member of Parliament for Mid Dorset and North Poole, Conservatives

4.2 List of written evidence

Barclays
Barnardo's
Become
Centre of Excellence for Looked After Children (CELCIS)
Citizen's Advice
Developing Youth Practice
Essex County Council
The Fostering Network
HSBC UK
KickStart Money
The London Institute of Banking & Finance
MyBnk
Nationwide Association of Fostering Providers
National Leaving Care Benchmarking Forum,
Young People's Benchmarking Forum: Catch 22
National Skills Academy for Financial Services
National Youth Agency
PSHE Association
The Share Foundation
Single Financial Guidance Body (SFGB, now Money and Pensions Service)
Social Finance
St Christopher's
The Money Charity
Tax Incentivised Savings Association (TISA)
Young Futures
Young Money

4.3 List of witnesses who provided oral evidence in Parliament

4 March 2019

- Nicola Smith (Senior Policy and Research Officer, **Barnardo's**)
- Amy Woodworth (Policy & Campaigns Officer, **Become**)
- Izzy Roberts (Campaigns & Engagement Officer, **The Fostering Network**)
- Alice Frank (National Manager, **National Leaving Care Benchmarking Forum**)
- Jonathan Whalley (CEO, **St Christopher's**)
- Gavin Oldham (Chairman and Founder, **Share Foundation**)
- Dr Louise Hill (Policy Lead, **Centre for Excellence for Looked After Children**)

25 March 2019

- David Graham (National Director, **The Care Leavers' Association**)
- Ann Griffiths (Senior Policy Manager, Children and Young People, **Single Financial Guidance Body – now Money and Pensions Service**)
- Chris Martin (Director of Integrated Commissioning, **Essex County Council**)
- Matthew Cooke (**Virtual School Head**)
- Carol Knight (Chief Operations Officer, **Tax Incentivised Savings Association**)
- Basam Diablos (Financial Capability Development Lead, **Citizen's Advice**)

