



Select Committee on Financial Exclusion

Corrected oral evidence: Financial Exclusion

Tuesday 22 November 2016

10.40 am

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Members present: Baroness Tyler of Enfield (Chairman); Bishop of Birmingham; Viscount Brookeborough; Lord Empey; Lord Fellowes; Lord Harrison; Lord Haskel; Lord Holmes of Richmond; Lord Kirkwood of Kirkhope; Lord McKenzie of Luton; Lord Northbrook.

Evidence Session No. 18

Heard in Public

Questions 175 - 184

Witnesses

I: Jenny Barksfield, Deputy Chief Executive and Senior Subject Specialist, PSHE Association; Adrian Lyons, National Lead for Economics, Business and Enterprise, Ofsted.

USE OF THE TRANSCRIPT

1. This is a corrected transcript of evidence taken in public and webcast on www.parliamentlive.tv.

Examination of witnesses

Jenny Barksfield and Adrian Lyons.

Q175 The Chairman: If you are ready and settled, I will just go through the formalities and then ask you to introduce yourselves. Welcome to this evidence session of the Select Committee on Financial Exclusion. You have in front of you a list of interests that have been declared by members of the Committee. The meeting is being broadcast live via the parliamentary website. A transcript of the meeting will be taken and published on the committee website, and you will have the opportunity to make any necessary corrections or amendments to that. For the record, could you begin by introducing yourselves and saying which organisation you are from, please? Adrian, do you want to start?

Adrian Lyons: My name is Adrian Lyons. I am one of Her Majesty's Inspectors at Ofsted, where I am the national lead for economics, business and enterprise.

Jenny Barksfield: I am Jenny Barksfield. I am deputy chief executive and senior subject specialist at the PSHE Association, the body that represents all professionals in personal, social, health and economic education.

Q176 The Chairman: Thank you. You are both very welcome. The topic this morning obviously is financial education, which is something the Committee has taken a particular interest in ever since this inquiry got going, so we are very pleased to have you here.

I will start off the questioning. The Committee has been told that the addition of financial education to the secondary school curriculum in England in 2014 has made little practical difference to the amount that the subject is taught in maintained schools. Could you say why you think this might be? Also, are you aware of good practice in financial education in schools that could be rolled out more broadly? Jenny, could you begin?

Jenny Barksfield: First, I think that is the case, and to understand why we need to look back a few years to the introduction of economic well-being and financial capability to the national curriculum as a non-statutory programme of study for PSHE in 2007. I was working in the field at the time, and economic well-being was a whole new programme of study, which we worked very hard to integrate into the PSHE programme. Some good work was done at that time, but obviously there was quite a high-profile campaign for financial education, rightly, to be a statutory entitlement for children.

In the 2014 national curriculum review, as I am sure you are aware, a small part of personal finance education was put into the citizenship programme of study at key stages 3 and 4, which was obviously a statutory subject. The inclusion of money in mathematics was increased, and it was given more weight in the maths curriculum. Finance education

was then split between three curriculum subjects: maths, citizenship and PSHE. Of those three, PSHE was the non-statutory subject, and we were acutely aware of it being increasingly squeezed in the curriculum. I think it was a combination of splitting it between those subjects and, in my opinion, it sitting most effectively in PSHE, although obviously not the mathematical elements of it—I would not claim to be able to teach maths.

The skills of managing and assessing risk and of decision-making, as well as peer pressure, which are so important in financial education, were therefore in the non-statutory subject, and we know there has been a 32% decrease in the time given to PSHE over the last four years. It is being squeezed into odd bits of tutor time or perhaps an odd day in the timetable once a year, and it is sort of being lost between these three subjects.

The Chairman: Can I just press you on that point? I think you said that 32% less time was being spent on PSHE over the last two or three years.

Jenny Barksfield: Apologies—I meant since 2011. There has been slightly less in the last four years.

The Chairman: What do you put that down to precisely? What is the reason for that?

Jenny Barksfield: It is a combination of things. Obviously if a subject is non-statutory, a school does not have to deliver it, and schools are under enormous pressure to deliver the core academic subjects, with Progress 8 and the increasing pressure on a fairly narrow number of academic subjects. With the best will in the world, it is not that head teachers do not understand the importance of it, but it is a nice-to-have rather than an essential in the eyes of some of them.

The Chairman: Are you aware of any good practice, perhaps where schools have tried to integrate it with another subject?

Jenny Barksfield: Yes, there are some obvious examples of very good practice, including in a couple of schools I have worked with. Newent Community School in Gloucestershire is a secondary school that has an hour a week for PSHE education, which it combines with citizenship and maths. It carries out a really interesting activity in year 8 and year 10, although it is obviously done slightly differently at each stage. For example, it has an afternoon to kick off its year-10 activity, and students are given a character. They are told what their job is, where they live and so on, and they research what their salary, their rent and their outgoings would be. They basically work out the economics for that character. That is then extended through lessons, so there is input from maths and from the taxation and fiscal policy side of citizenship. They look at the pressures on their decisions and assess the best way to spend their money through PSHE lessons. That is built in.

The Chairman: Thank you. Adrian.

Adrian Lyons: I agree with a lot of that. We usually find that in most schools there is some element of financial education going on, but its quality is variable. It depends on how it is delivered and who is delivering it, but the chief indicator is how important the head teachers think it is. As Jenny said, it is very rare to come across a conversation with a head teacher in which they say, "It's just not important". The question is whether it is important enough.

There are competing pressures on the timetable. In secondary schools, we do not really have a curriculum as such but a series of subjects, and although there is this notional national curriculum, when most secondary schools are academies and are free from the national curriculum, the extent to which the word "national" can apply is quite debatable. Schools are free to do their own thing, and they will prioritise what they are being held accountable for, which is examination results and Ofsted gradings. Those are the drivers for most head teachers. That is what they tell us.

So we find a lot of variability. There are examples of good practice, and we have published such examples of good practice on financial capability. However, the fact that it is on the national curriculum does not seem to have had a huge impact on the quality of financial education in schools.

The Chairman: Can you show us your top example of best practice, as Jenny did?

Adrian Lyons: Can I write to you, because we have some clearly spelt out examples that are quite difficult to summarise in a few words?

The Chairman: That would be very helpful. We will pick up the points you have raised about accountability and how that might be sharpened, and indeed the role of Ofsted in that, as we move on.

Viscount Brookeborough: Very quickly, could you just tell us what Ofsted's mission is? You have just said that this sort of thing may or may not happen. What is your mission, and where can you influence life in schools?

Adrian Lyons: Our mission is to raise standards and improve lives.

Viscount Brookeborough: But through what power?

Adrian Lyons: Our power is in carrying out inspections of individual schools. We have two functions, but the balance between them has changed over time. There is the day-to-day, week-to-week inspection of individual schools. We write a report about the school and grade its overall effectiveness, which seems to be a huge driver in what schools do to try to maximise their Ofsted grade. That is one function.

The other function is to advise Parliament on the state of the nation's education. As our resources have been shrunk, we have had to prioritise the thing that has the most impact on raising standards, which is the inspection of individual schools. Does that answer your question?

Viscount Brookeborough: Yes, thank you.

The Chairman: You do a state-of-the-nation report to Parliament. Is that right?

Adrian Lyons: Yes.

The Chairman: How big is the section on financial education, typically?

Adrian Lyons: You probably know the answer to that before asking the question. One is coming out on 1 December, actually, which will answer that question.

The Chairman: Okay. To be specific and for the record, how much was there on financial education in the last one?

Adrian Lyons: I do not know the answer to that, but I would be surprised if there was any, to be honest.

Q177 **Lord Fellowes:** You have both said quite a bit about the variability of standards of teaching. Does that extend right across the secondary sector: academies, free schools, foundation schools, and the independent sector?

Jenny Barksfield: My organisation works with all types of school all over the country, and in our experience it is completely variable across the piece. There is no way of saying that it is better in academies, state-maintained schools or independent schools. Each varies hugely, and I think Adrian is absolutely right that a lot of it depends very much on the priorities given by the school leadership team. However, anecdotally, we are working increasingly with the independent sector at the moment, and my feeling is that the Independent Schools Inspectorate, which operates under the auspices of Ofsted but only in independent schools, is increasing its focus on economic well-being, and we are getting a lot of independent schools looking for advice from us on how to improve their financial education. But that seems to be a direct result of an increased inspection focus in those schools. It is variable across maintained schools and academies.

Lord Fellowes: But if the independent sector were improving, that would probably have a marginally beneficial effect on the state sector.

Jenny Barksfield: I would love to think so, but to be honest there is little communication between the two. There does not seem to be a great awareness in state schools necessarily of what is happening in the independent school sector, and vice versa. I think that independent schools are much more aware of the national curriculum, for example. Although they are not bound by it, they are certainly influenced by it, as are academies. In the state sector, it is a case of focusing on what they are being judged and measured on and of trying to fit everything into an overcrowded curriculum. There are influences; we have seen them in things like character education and well-being, and even in the National

Citizen Service—things that seem to have more of a hold in the independent sector and then gain a hold in the state sector.

Adrian Lyons: Our evidence is that no particular type of school does it better than any other. It is variable across the secondary range. The only observation I would make is that there is some evidence that independent schools see the young person in the round perhaps in a way that state schools do not always do.

Lord Haskel: I consulted a 12 year-old over the weekend about financial education at school. This child goes to an independent school, and he told me that the teachers do not do it at all. They do it through the eCadets. Apparently the eCadets will take the pupils through an advert on the internet that offers money and tell them how not to get into trouble over it. Would you consider that to be an example of good practice, or is it just the independent sector leaving it to some other organisation?

Jenny Barksfield: There are some excellent examples of peer education in all elements of PSHE in particular. There is sometimes an element in some schools of almost farming out sections of the curriculum to outside agencies, and there is a danger in that. All education needs to be developmental and progressive and build on previous learning, and it is very difficult to come in and do a one-off session and be confident that that will happen. Where it has been done well it has been planned into the programme by the teachers in consultation with the pupils. The more pupils have a voice in their education, the better. In something that is well planned by the teachers, those young people's peers may well provide a voice that is very credible to them and that they will listen to, but it needs to be overseen and planned by a teacher. There are elements of this that should be taught by a teacher; I am thinking of some of the pressures on young people, whether online gambling, payday lenders or parental debt—things like that. Those things need to be handled very sensitively. But I think there are some very good examples of peer education being used well, and hopefully that is one of those examples.

Adrian Lyons: Peer education is great. Ofsted has no preferred way of delivery. We are interested in the results at the end of the day, in what works. There are a number of ways: using a range of people and resources to enhance the financial capability, or palming it off and getting somebody else to do it. Sometimes the line between the two can be thin. The important thing, as you say, is that the teacher has an overview and has managed and planned it.

One of the biggest barriers we find is that teachers themselves have very little confidence in teaching financial education. I do not know if you are going to come on to that. You may be. That often leads teachers to handing it over to somebody else: because they are a bit scared of it.

The Chairman: Yes, we will come on to teacher training later.

Q178 **Bishop of Birmingham:** I am after a bit more about Ofsted's common

inspection regime and, as we understand it, the requirement to inspect financial education. We have heard about different subjects that might touch on that. We were also concerned about the rather damning comment by Demos in its *Banking for All* report, which says that it is a “bit-part subject. It isn’t examined and Ofsted aren’t that interested”. What is your opinion on the inclusion of this subject in the various other subjects? How might the suggestions to make financial education prominent be implemented in your opinion?

Adrian Lyons: Our evidence is that, in mathematics, teachers are often very happy to use financial examples to illustrate the maths, but that does not work in quite the way it is intended to, because they are reluctant to use maths to explore financial capability situations that might end up in a discussion where there is not necessarily a right answer. They do not feel comfortable doing that, and if it is not directly relevant to boosting exam scores it will not happen. That is why it has not been as successful in mathematics as people might have hoped. Sure, if they are looking at percentages they will find an example—VAT or something—that involves calculating a percentage, but that is as far as it goes. The implications are not really discussed.

The other area is citizenship. It is in the national curriculum, but I rarely go into a school now that actually delivers citizenship, sadly. Very often there is something on the timetable—maybe a set of initials such as PSHEC or possibly even PSHECRE—and the PSHE curriculum, citizenship curriculum and perhaps even the RE curriculum are all trying to be delivered in 20 minutes a week. I have frequently suggested to head teachers that that is really not adequate, and they get quite angry, saying that otherwise we would complain about other things. Curriculum time is a really big issue. With Ofsted inspections we have to be realistic. Most schools have now been judged good schools, so they get a short inspection—one inspector for one day—and there is a tight limit on what will be looked at.

The Chairman: Could I just pursue that point? Am I right in thinking that the current common Ofsted inspection framework does not include an assessment of financial education at the moment?

Adrian Lyons: Schools are judged on how well they prepare pupils for life in modern Britain, but that is about as close as it gets, to be honest.

The Chairman: Jenny, did you want to add to that?

Jenny Barksfield: Only—I will sound a little like a stuck record—that the time for PSHE is being reduced. Ofsted’s new framework also has a much stronger focus on things like safeguarding. My impression from talking to teachers is that head teachers will recognise the importance of safeguarding in relation to their PSHE programme and will often prioritise that over other elements of PSHE, because they have so little time for it. Financial education might be one of the things that gets lost in that sort of, “We only have 20 minutes, and if we don’t do something on sexual exploitation or online safety we’re going to be in trouble over

safeguarding". Sometimes I think that is prioritised when there is limited time.

The Chairman: Do you see a role for the exam boards? If they included financial capability in their syllabuses for subjects like maths, would that be another way of giving this greater focus?

Jenny Barksfield: If it were in maths, it would increase what Adrian described as using money as a context for doing maths. I cannot see how you would build this in. If a young person decides which trainers they want for Christmas or what want to spend their pocket money on, it is not their ability in maths or even their understanding of fiscal policy that will govern that; it is their understanding of peer pressure, their media literacy and so on. It is very hard to examine that in a maths GCSE, I would argue.

Bishop of Birmingham: Can I ask a question that you might not want to answer, as it may be outside this range? Clearly it will be difficult, it seems to me from what we are seeing, to make this a routine part of a very demanding timetable. Are there any other ways you might think of educationally in which a child at secondary school might be exposed to good financial behaviour at this very formative time?

Jenny Barksfield: It is really important that it is part of a whole-school approach. That is very hard to achieve without whole-school buy-in where you use the curriculum, and I would still say that without some sort of statutory component in the curriculum it will not happen at all. You also have to take other opportunities, such as focus days, assemblies or mini-enterprise activities. I have worked with a primary school in East Sussex—West Rise—that has some fantastic enterprise activities going on. The children enter enterprise competitions and set up their own mini-businesses—all those extra opportunities. It still needs a curriculum space to teach the skills element, but there are opportunities.

Adrian Lyons: Going back to your point about examination boards, I found this quite bizarre but I just discovered last week that the DfE insisted that the exam boards took financial capability out of GCSE economics. I know it is only a minority subject, but you would think it would have that in it. I just pass that on.

The Chairman: Thank you for that. We are meeting the Minister in a couple of weeks, so we can pursue that.

Adrian Lyons: That is not a criticism obviously, just a piece of information I discovered.

Viscount Brookeborough: I was interested in your saying, I think, that schools are judged on how they prepare pupils for modern Britain. You are the judges in Ofsted. How important in your mind is financial education, when that is not being judged? Is it at the bottom of the list? You have said that it is not being judged, but I would have thought that modern Britain includes financial capability.

Adrian Lyons: So would I.

Viscount Brookeborough: So where does the blame lie, or will we come on to that later?

Adrian Lyons: The reality of Ofsted inspection is that it is very limited. The elements that we look at are the outcomes, as expressed in how good pupils' examination results are. Then there is how good the teaching and learning is that leads to them, as well as personal development, well-being and behaviour, which is where financial education would be addressed. It is true to say that if I am doing an inspection next week, I am more likely, because it is my area of passionate interest, to look at it than another inspector, who in turn may be more likely to look at other elements of personal development than I would. When we are inspecting, most of the inspection is determined by the school's self-evaluation—the things that it thinks it is strong at or that it needs to work on. Not every good school is exactly the same as another good school.

Viscount Brookeborough: So basically the problem is that the Government do not lay down that financial education is within the scope of what is judged in schools. It would be up to them to lay that down if it was to be so.

Adrian Lyons: It is about accountability measures.

Q179 **Viscount Brookeborough:** A number of evidence submissions to the Committee have suggested that financial education should begin in primary school as part of the maths syllabus. You have already spoken about that in relation to secondary schools, but I do not think that primary schools have been mentioned. If such education were introduced at a younger age, what form should it take and what challenges or difficulties do you foresee in implementing it? When we asked one of our witnesses about introducing financial education, they said that the teachers were frightened because they could not explain mortgages and so on. In primary schools, we are talking about playing games with money and moneyboxes; it is more about fun and games.

Adrian Lyons: Our experience and evidence is that it is often done very well in primary schools. There is a good-practice case study on our website of St Mary's Catholic Primary School in Falmouth in Cornwall, where enterprise and financial capability permeate the whole curriculum. It is well planned from reception to year 6, and the children operate a school bank. The disappointment is that a lot of careful planning and progression are built in, but then the children go to secondary school and hit a brick wall. There are lots of good examples of effective work in primary schools. I visited a range of schools in Rotherham, where there is a borough-wide approach called "Rotherham Ready". The conceptual thinking of year 6 pupils in the primary schools was what I would normally find in perhaps a year-10 class in secondary school. There are high expectations of the sorts of thinking that pupils can do at a very young age. Obviously, the contexts used are more relevant to younger

children, but the issues of choice and value for money can be well developed with younger pupils.

Viscount Brookeborough: Is not part of it ensuring that as children progress they do not become frightened and fearful of the financial consequences of doing things wrong? Therefore, if taking the fear out of it is happening in primary schools, it is important that secondary schools—even if they do not teach children about pensions, world interest rates or money laundering—are happy enough to talk about finance.

Adrian Lyons: I think there is a difference. We talked earlier about the sense of a whole curriculum. In primary schools, with the same teacher every day it is very easy to have a sense of whole curriculum—you do not have those silos of subjects—whereas when you get to secondary school, anything that you do has to come out of somebody's time. That is where the issue arises.

Jenny Barksfield: I totally agree that this must begin from the word go. Money is already a context in the maths curriculum in primary schools. It is already firmly in the PSHE curriculum. We have produced a programme of study for the whole PSHE education, which the DfE now signposts for schools. These are just 12 or 13 pages of our suggested scheme of work on financial education at primary.

Viscount Brookeborough: Does that take place in every primary school?

Jenny Barksfield: I wish it did. It is a non-statutory subject, so schools can choose whether or not to teach it, unfortunately. For example, in year 6 there is deciding what is value for money by comparing prices of different items and taking into account other factors such as usefulness, desirability, fashion and durability. It is about bringing in those elements and thinking about how choices in spending and saving can affect other people; it is about being a critical consumer. This is with 10 year-olds. We would start from early years. You are right that it needs to be a normal part of education. Adrian is right that it is easier in a primary school, where one teacher is with a class all day and can adjust their timetable, sometimes as they go along, to develop areas that are of interest. You are right that we have an issue where we transition to secondary school, where that learning is not necessarily built on. Sadly, no, it is not happening in all schools, because they do not have to, but it should be, in my opinion.

Viscount Brookeborough: Are we not passing the buck the whole time, including schools? Somebody says, "It is not in our subject", someone else says, "It is not PSHE"—

Jenny Barksfield: I think it is a PSHE subject.

Viscount Brookeborough: But whatever it is, it is not statutory, so everybody is avoiding the issue.

Jenny Barksfield: It is not statutory in PSHE, which is where I think it sits most comfortably. Obviously, the mathematical elements can be and will be taught in a good maths programme, and that is statutory. There are a couple of bullet points in the citizenship programme of study, which at key stages 3 and 4 is statutory, but as we know it does not necessarily happen, because it does not sit comfortably with the rest of the citizenship programme. It sits comfortably within PSHE education, but that is the bit that schools do not have to teach. That is where it should be and schools should be teaching it.

The Chairman: Adrian, you kindly said at the beginning that you would be able to let the Committee have a note about some of the best-practice examples that you have come across. It would be very helpful if you could include some from primary schools, like the ones that you have just mentioned, which were very interesting, as well as ones from secondary schools.

Adrian Lyons: Of course.

Q180 **Lord Northbrook:** To move on to the area of further education, the Money Advice Service's financial capability strategy has identified the ages of 17 to 18 as a "priority gap" area, in which it intends to carry out more research into what support systems exist for this age group and how they could be scaled up. How can further education colleges help to deliver financial education and develop financial capability? Are there any current examples of good practice that might be developed and applied more widely? Jenny, would you take that question first?

Jenny Barksfield: This is a crucial age. Obviously, we need to start teaching financial education from the word go, but it is from that age that it becomes very real and young people are making real financial decisions for themselves. There is a difference between school sixth forms and the further education context. We are about to publish a programme for PSHE at key stage 5, which includes economic well-being and financial capability. I have limited experience with FE colleges, because they tend not to have PSHE on their timetables. They might have one-off talks or tutorial sessions where financial capability could sit. I have very little evidence, because we do not work within those settings much, but schools sixth forms can do this well, particularly where they have student-led programmes, where students are able to talk about their own concerns. I was struck last week at the Youth Parliament debate here in the House of Commons by the fact that young people were again and again saying, "We need better financial education in schools. I'm about to go to university and I don't know the first thing about money". There is a real need. Sadly, I cannot off the top of my head give you a good practice example. I can try to find one to send you from our members on sixth-form provision in particular, but, as I say, I have limited experience with FE colleges, where I think provision is much patchier.

Lord Northbrook: Do you think that that is because exam pressures are even greater at that age?

Jenny Barksfield: Very much so. There is no statutory national curriculum at sixth-form level. It is very much what exam courses students are signed up for and then it is up to the individual school or college what else they provide. School sixth forms that do it well will still have a lot of time for pastoral input, whether it is PSHE education or specifically financial education or careers education. But, again, it is inconsistent across schools and colleges.

Lord Northbrook: Adrian, do you have any thoughts on this?

Adrian Lyons: Post-16, there is the 16 to 19 study programme, which is common to sixth forms and FE colleges. All 16 to 19 year-olds should get a similar deal. In that programme, as well as young people doing the courses they have signed up for, the provider needs to be preparing them for the world of work. That would include, hopefully, financial education, but it is not specific. We did an enterprise survey early this year and visited 40 schools, most of which had sixth forms. The biggest criticism from the sixth-formers we spoke to of the experience that they had had in school was a lack of financial education—they volunteered that very often. I have to be careful here, because I am not promoting the idea that people need to do lots of extra exams, but we found that where schools were offering qualifications in financial capability, which seemed quite popular in the sixth form, they were very popular with students, because it gave them something tangible. We found that that also made the delivery quite structured. What was the IFS—it has just changed its name to the London Institute of Banking & Finance—has a suite of qualifications at various levels that are taken in schools. Where they are offered, they are very popular and they provide structure and coherence to financial education, which is often missing. But, as I say, I am not recommending that people do lots of extra qualifications.

Lord Harrison: Many decades ago, I was in the world of student union administration. Neither of you two has talked about student unions and welfare officers. Adrian, have you ever Ofsted-ed a student union?

Adrian Lyons: That would be outside our remit, I fear.

Lord Harrison: Would it? Often this is about the peer group in a further education college or a university. I have worked in both to advise the students how they might themselves manage to deliver to their peer group information about finance that was badly needed. Both of you have skipped that and very quickly taken refuge in sixth-form colleges and so on.

Adrian Lyons: That is because in Ofsted we do not inspect universities other than initial teacher training. Further-education colleges are inspected under a separate remit in Ofsted, with a separate set of inspectors, so my knowledge is limited to schools.

Jenny Barksfield: The same for me. PSHE as a subject does not exist in higher education. We do not have any members who are purely in higher education.

Lord Harrison: So who does that? Who deals with this world of financial information for people at the vulnerable ages of 17, 18 and a bit further on?

Adrian Lyons: That is—

Lord Harrison: Right. That is the answer.

Jenny Barksfield: Our new programme of study, as I say, goes up to 18, which is where our organisation's influence tends to end, because PSHE does not happen in universities. A lot happens pastorally in universities, but we work in schools specifically. We are a small organisation, so it is difficult to reach far beyond our remit, and our remit is schools. We go up to 18 and provide guidance up to that age, but not in universities or higher education, unfortunately.

Lord Harrison: Or further education.

Jenny Barksfield: All our resources are available to further education colleges.

Adrian Lyons: I will try to get somebody from our further education remit to contact you.

The Chairman: That would be incredibly helpful. I am conscious that next week the Open University is giving evidence, which tends to straddle that critical age-18 boundary a bit, so we will see what other opportunities there are to introduce this issue. I know that FE often gets overlooked, not least because it straddles different sorts of remits and age ranges

Q181 **Lord Empey:** What do you think the education community in England can learn from the way financial education is delivered in the regions? Obviously there are particular challenges in applying learnings from Scotland, Wales and Northern Ireland to the English context, but do you see any examples of where you could benefit, or is it not applicable to the English regime?

Jenny Barksfield: My understanding of the English system is greater, because that is where PSHE operates, but from my understanding of the equivalents in Scotland, Wales and Northern Ireland, I think it is fantastic that finance education and some form of PSHE-related course are statutory in all three. My impression is there is currently a lack of clarity in how it will be in the new Welsh curriculum that is coming in, but it is absolutely right to make this statutory and for it to be a norm for them to have elements that we would teach in PSHE as a statutory part of the curriculum.

There is a slight danger in that their models are very much about financial education as a cross-curriculum theme. That has huge benefits in that you can pick it up in a lot of areas, but if there is no requirement for it to have its own discrete teaching time within a subject it can be lost

and you can have a sort of everywhere-and-nowhere model where you map it all over the place.

Lord Empey: Does this all boil down to the fact that unless an exam is taken in it that counts, it will lose its importance and significance?

Jenny Barksfield: I am obviously coming from the perspective of a subject, PSHE, that is not examined. I am not necessarily a massive fan of the suggestion that the only way to do something is by examining it. Obviously there is an argument that things are suddenly taken a lot more seriously if there is an exam at the end. That is one way to get time on a curriculum, but I am not a particular fan of the idea of, say, a GCSE in PSHE education. It is too personal a subject. As Adrian said, there are qualifications related to financial capability, but my worry is that they will focus on the mathematical side and not the affective side. I am not sure that I have answered your question. I slightly lost my train of thought.

Lord Empey: Okay. I know in Northern Ireland that the inspectorate covers both schools and further education colleges, and of course further education colleges deliver A-levels and other qualifications. In some cases, they are picking up the failure of schools even to teach literacy, which is shocking. Are we missing something in the inspectorate? Clearly, there are discrete issues for and differences between a further education college and a school, but at the same time further education colleges work increasingly with schools, and indeed in some cases end up teaching the same subjects. Where do you feel the gaps are, and are there any lessons to be learned from the regions for the way education is inspected?

Adrian Lyons: As you know, Ofsted's remit is England, so my knowledge of other national systems is limited. I have tried to make contact with somebody with a similar responsibility in Scotland but have been unsuccessful. A few months ago I gave evidence to the all-party parliamentary group on financial capability. Sitting next to me was somebody from Scotland who I thought was going to say, "It's all so much better in Scotland". Actually, he identified exactly the same problems and issues that we have in England. That is as much as I know, really.

Viscount Brookeborough: Very quickly, you said that this was because it was not examined, as we have heard on several occasions. The key to this as far as Ofsted monitoring standards are concerned would appear to be that there simply has to be an examination in order to bring it into scope. So long as there is no examination, it will not be in scope and will not even be mentioned in the state-of-the-nation report.

Jenny Barksfield: I am not sure. Adrian will correct me if I am wrong, but I think there are other unexamined elements of school life that are very much inspected. I mentioned safeguarding earlier, which is a huge aspect of school life that is very closely inspected. Pupils' personal

development and well-being generally are very closely inspected. It is not so much a case of inspection looking only at examined elements—

Viscount Brookeborough: But the control there is that if safeguarding goes wrong there is a massive legal problem, whereas there is absolutely nothing controlling the other.

Jenny Barksfield: I am talking about inspection, which is not really my remit, but for the schools that I work with inspection is an incredibly strong influence, whatever that inspection is of. There are two measures. Obviously, one very strong driver for schools is the academic results of the school, and inspection is the other. I do not think that schools see inspections as looking just at their academic results, although obviously that is part of it, but things get lost when some things are not spelled out in an inspection framework in that way.

The Chairman: Do you want to add anything, Adrian?

Adrian Lyons: I just want to manage expectations, really. It could seem an easy solution to add financial capability to the list of things that Ofsted inspects, but I do not think it would be likely to happen in reality, because there are a large range of things that are desirable in school. I am being careful about how I express this, because we all feel that financial education in schools is incredibly important, but the financial burden on Ofsted and the burden of inspection on schools are the two things that have very much driven Ofsted to have a very streamlined inspection, in most cases lasting one day, and with one inspector now. I just want to manage expectations on that.

Lord Kirkwood of Kirkhope: This might be a slightly left-field question, and it might be unfair to ask you two, but the thought was just stimulated in my mind by something Adrian said earlier. Do you think it is fanciful to expect credit agencies—widely defined, because they are developing—to give additional consideration to people who have passed an examination? If you took the trouble to get the examination in later life, you would always be able to refer to that if you were going to Experian or whatever. Is that idea worth contemplating?

Adrian Lyons: That is a very interesting idea, although I am not sure that Ofsted would have a view on it.

Jenny Barksfield: I have a slight view, I think, despite being in no way a financial expert. In thinking about financial exclusion, I think about some of the pupils I have worked with who are probably already on a path to the payday lender and the betting shop. They are probably the ones who would fail that exam no matter how much extra support and tuition they had. My worry would be whether we would further exclude some people from the financial support that they might get. I am not a financial expert, and I am not sure entirely how credit unions and so on operate, but my worry would be that we end up with two-tier access to financial services.

Q182 **Lord McKenzie of Luton:** I want to come on to the issue of training. What we have heard from you this morning very much describes the fragmented and unco-ordinated approach to financial capability, which is influenced by what happens locally in individual schools. I am not sure whether it was the All-Party Group on Financial Education for Young People that Adrian gave evidence to—

Adrian Lyons: Yes it was.

Lord McKenzie of Luton: You will be aware of the survey that said that one in five teachers currently teaching statutory financial education in secondary schools say that they are unconfident about teaching it. That is quite a stark statistic. What specific training is available in financial capability for new and existing teachers, and what gaps are there in the teacher-training system? Could more be done to train teachers? What is the value of services such as those offered by the Personal Finance Education Group—I am imagine you aware of that—and MyBnk, from which we have received representations in the past?

Jenny Barksfield: You are absolutely right about existing teachers, and our own member surveys and work with teachers bears out the fact that they hugely lack confidence. One of the issues, particularly at secondary schools, is that people teaching PSHE, and to a great extent citizenship as well, have had no specific training to do that. They might be a music teacher the rest of the week, but for an hour a week they teach PSHE and citizenship, with everything ranging from sex education to personal finance. That is a big ask if you trained as a music teacher or a geography teacher. There is an incredible shortage of training for existing teachers. We offer training ourselves for all aspects of PSHE, but we are a very small organisation and cannot, with the best will in the world, get around the whole country. You mentioned PFEG—the Personal Finance Education Group—which also offers training to teachers. I believe there is also Young Enterprise. I am sure there are other providers, but they are the main ones in personal finance.

Again, a lot of training for existing teachers is dependent on their being released from school to go for training or on having training in school, which obviously costs quite a lot. For a subject that, as we have said, is already squeezed and given a low profile, they are usually also at the back of the queue for the training budget. There is an issue with just having the access that they need to proactively go and look for that training. It is not automatically provided. There is a real gap in training for existing teachers.

On initial teacher training, again most teachers will qualify having had little or no input from financial education, PSHE or citizenship. I work with one university where we do a one-hour lecture, once a year, which is the most they can spare us for 400-odd trainee teachers who, on the day they qualify, will teach PSHE. They are lucky, as there are some who do not get any at all. Some places, such as Birmingham University and Southampton, have a much greater focus on these elements of the curriculum, but there is a big training shortage.

Lord McKenzie of Luton: That is a pretty bleak assessment.

Jenny Barksfield: It is. We train several hundred teachers a year, but there are 20,000-odd schools in the country. Training is one of the big issues.

You asked a second part to that question. Shall I deal with that now? Organisations such as MyBnk, PFEG and Young Enterprise offer a tremendous service. There are some fantastic resources coming from them, and some like MyBnk go into and work in schools. The danger comes right back to the very first question, when we were talking about the extent to which sometimes that can be seen as, "Oh, that's job done. If we have somebody in for a day, we can tick off financial education for the next year". We know that in any subject a one-off piece of learning that is not embedded through follow-up lessons and so on will be lost. It might be a memorable occasion, but the learning is lost. They are at their best when their resources and their input in schools are part and parcel of a developmental programme in the school, where teachers are picking up on that learning and embedding that through follow-up lessons.

Lord McKenzie of Luton: To what extent would that training specifically encompass an understanding of the experiences of financial exclusion, say, rather than perhaps more mainstream teaching on currencies and exchange rates?

Jenny Barksfield: We are PSHE specialists rather than specialists in the individual topics. PFEG is the example that I point teachers to for much more specific training. Sadly, I do not know the full details of what it does, but it definitely approaches this very much from the angle of this not just being about being able to work out a budget mathematically but being very much about the pressures on young people and the sort of life-skill decisions they are going to have to make around money. It is definitely not just, "This is what a bank account is, and this is what compound interest is". It is much more than that.

Lord McKenzie of Luton: Thank you. Adrian, do you have anything to add?

Adrian Lyons: Yes. The lack of training leads to a real lack of confidence in teachers delivering financial education, which quite often leads to the reinforcing of misconceptions. I have seen lessons in which the teacher has taught, in all good conscience, "Fact: debt is bad". Really? So you do not have a mortgage? Nobody is going to university here? I sit there thinking, "Think about what you have just said". Some training programmes are available. Jenny just mentioned PFEG, and our old friends the London Institute of Banking & Finance, which used to be called IFS, have recently established an in-service postgraduate certificate in teaching financial capability for existing teachers. Despite that, we are going to reinforce what each other says, because realistically the number of teachers this would have an impact on would, I imagine, be very small—maybe 20 a year.

Lord McKenzie of Luton: Could anything fundamental be done to change that?

Adrian Lyons: It would need a lot of money behind it. You would need to take the training to the school rather than having the model of the teachers coming out of school. In principle, if a school has PSHE, including financial capability, as part of the curriculum that everybody is going to be delivering—if it is taught through form tutors or whatever—it would be reasonable to have after-school training on that for the teachers. It would be expensive to replicate that around the country, but that would seem to be the main way of doing it.

To pick up on the models of delivery, again I agree with you, but the most common model of delivery seems to be by form tutors, so it could just be a music teacher delivering it. Another model is that you have a small specialist team to deliver all the PSHE, which seems to be more effective from our evidence, and somebody in that team could be the financial capability specialist. The third model is a drop down day. The problem with that is that some people will be away that day and miss the whole provision. It does not fit into any other subject. We look at revisiting the topics, building progression, checking that people have got it before you move it. That does not feature in a drop down day, where you bring in external experts.

A combination of those approaches seems to be effective, but the training is a dilemma. I inspect teacher training, and I know the pressures that teacher trainers are under. At the same time, one of the things we look at when we are inspecting teacher training is the extent to which trainees are prepared to be involved in the wider life of the school beyond delivering their subject, so their preparedness to be involved in the opportunities they have had during their training year to be involved in PSHE is one of the things that we would expect from a good provider.

The Chairman: Thank you. I am going to have to ask for fairly succinct replies to this, as we are slightly running out of time. Lord Holmes.

Q183 **Lord Holmes of Richmond:** We have been talking about financial education, so it is only right that we should talk about who should fund financial education in schools. Are current levels of funding sufficient? Is it appropriate to use pupil premium funds for this purpose?

Jenny Barksfield: On one level, you could say that this does not need funding, but is about helping the schools carve out the time to do it. Everything is there. The programme of study that we have written gives a very comprehensive programme for economic well-being. The citizenship curriculum is there; the maths curriculum is there. There are a lot of very good resources: PFEG quality-assured resources, as do we. Organisations such as MyBnk are ready and waiting to go into schools to help with this.

Where any funding should go takes us back to the previous question. Actually, the funding is needed for training, more than for paying people

to come and do this for us. For me it is much more a case of everything being there, but we have to convince schools of its importance, and that it is worth finding time for. Obviously, a statutory responsibility to do it helps with that very much. Obviously schools decide locally how they will spend pupil premium money on their pupils' needs, but there are things that can be offered. PSHE is a universal programme for all children and young people, but we know that children who are entitled to the pupil premium are probably those who are potentially most at risk of future financial risk-taking, which is one way of putting it. It would be a valid use if it added to or enhanced that programme, but for me it is much more about the fact that the money is needed for training teachers and the time is needed to implement what is already in place in a lot of schools and therefore in schools where it is not currently in place.

Adrian Lyons: I will be succinct: I agree with that.

Lord Holmes of Richmond: As is so often the case, we relearn this morning the two most important pieces of financial education: time is money, and that, in many of the examples you gave, young people should be able to recognise when someone is passing the buck.

The Chairman: Thank you very much. Final question, Lord Haskel.

Q184 **Lord Haskel:** We have covered a very wide area in financial education in schools and FE colleges. What is the one thing that you would like the Committee to consider recommending when we draw up our report?

Jenny Barksfield: I am sure you can guess what mine will be. We are keen and eager to deliver economic well-being in its broadest sense through PSHE, but we need a statutory entitlement to PSHE for all children and young people at primary and secondary school to make that achievable for schools. Statutory PSHE is absolutely crucial and long overdue, and Scotland and Northern Ireland give us an example of where it is the norm. But we also need a strong message from the Government that this is important. Adrian has given the example of citizenship, which is statutory but still not happening in many schools. So there is the statutory status, but also the strong message that this is a really crucial part of children's education, and it is as big a responsibility on the schools as getting the pupils through GCSEs.

Lord Haskel: The two go together.

Jenny Barksfield: I think they do.

Adrian Lyons: I can tell you what we would like to happen, because Ofsted has already published it. Back in June 2011, our last report on economics business and enterprise asked the Department for Education to promote the importance of "well-planned provision for enterprise education", including "the promotion of economic and business understanding and ... financial capability". We said: "Secondary schools and primary schools should ... ensure they provide a coherent programme to develop the economic and business understanding and enterprise and

financial capability of all children and young people”, and, “in the case of secondary schools, make the most effective use of the expertise of their economics and business specialist teachers in delivering these programmes; and in both primary and secondary schools, ensure that all teachers involved in delivering these programmes have access to appropriate professional development”. That is what we have been talking about really, and we asked for it several years ago.

Lord Haskel: How would you make sure it is done?

Adrian Lyons: Perhaps your Committee has more clout that we do.

Lord Haskel: Oh come, come.

The Chairman: Thank you very much indeed, both of you. It has been a very interesting session. As I say, I am sure the Committee will want to think long and hard about what it has to say in this area, because it has been such an important area to us.