Background

MyBnk is one the UK's leading deliverers of financial and enterprise education programmes for young people.

Our charity has brought a range of workshops covering topics such as budgeting, debt, tax and student finance, to 220,000 7-25 year olds in 1,300 schools and youth organisations.

Programmes are created by our in-house team of experts and young people. Education Officers are trained and tested and are assessed by young people and teachers. These projects have also been independently evaluated as part of the Money Advice Services' (MAS) £12m 'What Works' Fund to test, pilot and scale potential new financial capability solutions. It evaluated two programmes that are primarily delivered to those in the leaving care system, testing its theory, outcomes, causality and value for money. Reports, here. These projects have been delivered to around 5,000 young people in care across London and the South East.

1. What are the current challenges that young people in care face in accessing financial education?

Young people in care, of school age, will face the same issues as every child. Unfortunately, schools do not consistently offer a meaningful financial education to all students. However, schools provide a place to access education for all.

From age 16-18 financial management is a core part of a care leavers 'pathway plan', yet many young adults often only receive financial advice once a situation has reached crisis point. Many often do not appreciate the relevance and utility of financial education to them. They 'do not know what they do not know' so they need to be encouraged and incited to engage.

School-age

Schools struggle to prioritise the time to prepare and deliver a specialist subject that is not examined, inspected or required to progress to the next stage, especially when the Department for Education (DfE) has made clear that little mandatory time is allocated in the curriculum. Schools additionally face difficulties in ensuring consistent quality in a minority specialist subject. Only 52% of young people report to have had any sort of financial education, let alone something meaningful. Provision is mixed and uneven, in particular, for the 16+ group. We cannot ask teachers to continue to go above and beyond in the classroom. Unlike in academic subjects, most will lack deep and relevant specialised subject knowledge. Nor can we rely on well-intentioned but lightly-supported volunteers who lack teaching skills and life-stage-relevant expertise.

It is very challenging to orientate financial education at schools just to those with low baseline financial capability or of greater need, which may include care leavers. Substantial independent evaluation of MyBnk's school based 'Money Twist' programmes for Key Stages 2 through 5, indicated low capability is spread unevenly within schools and not related to the summary characteristics of a school i.e. state vs academy, the relative deprivation of the local authority it operates in or the percentage of children receiving free school meals. This implies that a whole school approach needs to be adopted to ensure that all school children get some meaningful financial education.

Young adults

Once care leavers reach 18 they are expected to be financially responsible for themselves, managing their own money and transition to independent living.

Last year the Children and Social Care Act placed a legal duty on local authorities to protect young care leavers' economic wellbeing and ensure access to financial information. In 2016 MyBnk contributed to a report by The Children's Society examining the scale and quality of money lessons for young people leaving the care system. Participants in MyBnk's Money Works sessions took part in a focus group and we supplied case studies of how our specialised sessions helped in the transition to independent living. It found almost half of local authorities in England fail to offer care leavers financial education support and debt advice, leaving vulnerable young people unprepared for the realities of adult life and at risk of falling into dangerous financial situations. Even with the new provision requirements, there is currently no way of measuring the quality of that support.

There is a need to actively engage and encourage young people to seek meaningful financial support when it is available at the time of becoming independent. Very few of those we work with have received specific, meaningful financial education from their school or local authority. Some may need to be encouraged strongly (mandated) to engage with financial education, owing to feeling that they are already firmly "on their feet", do not know what they don't know, or even because they are involved in petty crime.

Under Question 6 we outline MyBnk's two 'Young Adult' programmes, Money Works and The Money House (TMH) which help meet the need for meaningful financial education.

2. Are there specific stages/aspects of the transition to adult life during which young people in care are particularly vulnerable to financial harm?

There are good reasons why those in care could develop weaker money habits. At primary age the biggest influence on money habits is parents so by definition those in care are more vulnerable and the need for schools to offer meaningful financial education is greater. MyBnk builds positive money habits from key stage 2, concentrating on introducing monetary concepts and the confidence to talk about it. It then goes on to encourage positive money habits, evidenced by behaviours that are not extreme in spending or saving.

At secondary school-age, developing stronger money skills is correlated to receiving and spending pocket, birthday or discretionary money. Those in care are less likely to receive pocket money. Our experience, from working with young care leavers (see question 6) is that young people in care may receive large allowances for specific purposes, for example, one young person attending a MyBnk session received from age 16 a monthly clothing allowance of £100. Such spending became a habit at 18 and on leaving care contributed to them falling into rent arrears.

Our experience is that many struggle to manage household finances. One in three care leavers lose their first home. (*Crisis 2014*). There is no solid data on how much debt young care leavers carry, but much is attributed to council tax. Many are unaware of what they owe. Thankfully, an increasing number of local authorities, whilst still a minority, are making this cohort exempt until the age of 25.

Many are unaware of how to navigate the benefit system and Universal Credit, resulting in unclaimed entitlements and sanctions. The impact of poor decisions is exacerbated by care-leavers lacking a family support system. A general dearth of understanding of basic financial tools also creates barriers, leading to financial exclusion, in particular for the increasing number of unaccompanied asylum seekers in the leaving care system unfamiliar with personal finance in the UK.

At 18 young adults in care and not in employment, education or training are significantly less financial capable than their non-care peers and face much greater risks from poor finance decisions (*MAS Substance – MyBnk Money Works 2018*). At this age support to manage renting a place to live, ensure direct debits are set up for bills, register with utility providers and, if privately renting, funding deposits and the cost of furnishing a flat produces measurable differences. A single missed council tax payment or knock on the door from TV Licencing can have damaging consequences.

Care leavers are also at high risk of being or feeling isolated, especially if placed out of borough. Talking about money is a key input to better money habits. Isolation and not knowing where or who to go to trust has a knock-on effect to poor or unsafe money habits.

Money from a leaving care grant or the proceeds from a Child Trust Fund can help, but if not properly managed can quickly evaporate or result in young people falling prey to financial abuse. Poor practice can result in rent arrears that could lead to eviction. A lack of knowledge of the cost of and access to credit may lead to using high-cost lenders or rent-to-own suppliers. They provide short-term help but a lock care leavers into expensive and potentially unsustainable debt.

Our experience is care-leavers face significant risk of fraud and being drawn into crime. The majority of those leaving care at our project, TMH, report being approached to be money mules. We point out there is always a victim of such crimes and concentrate on the impact of being caught: the majority will see bank accounts closed and access to credit suspended for six years, adding cost and inconvenience to their lives. Some may go to prison. The risk of financial exclusion is very high. Many of our participants are in debt with payday lenders.

3. How can we improve the access of young people in care to financial education - what role can central and local government, schools and other organisations play?

For those of school age, we believe the prime responsibility lies with Department for Education (DfE), Ofsted and individual Schools. Last year the DfE decided not to allocate specific time and resources to financial education through Personal Social Health and Economic education, and deprioritise it by making other subjects compulsory. We are faced with doing the best we can within the constraints.

For schools, it becomes vital that time available is used effectively and look to extend time outside of school hours through supported, external content accessed directly by students.

Schools must consider whether and how they prioritise investment in their own staff. If they can there are resources and support to help, if not there are outside experts available (although more are needed). Ofsted's proposed new inspection framework, presently under consultation, could help. In making a judgement about personal development under the proposed new framework, inspectors will seek to evaluate the intent and quality of what a provider offers, but will not attempt to measure the impact of the provider's work on the lives of individual learners'. The framework suggests "outstanding", schools must "consistently go the extra mile" for the personal development of pupils. Ofsted and the DfE could use the unique pupil number to track initiatives that work through time.

The new Single Financial Guidance Body must not lose momentum and use the knowledge gained by mapping services and independent assessments of financial education initiatives. A mission to help everyone manage their personal finances will progress if there is a set strategy including a commitment to ensuring a 'financial education for all children and young people'. They must build on the quality work of the MAS and Financial Capability Strategy for the UK. This logically leads to commissioning what works and influencing others to get behind them. MyBnk and members of the Youth Financial Capability Group stand ready to work with them.

Corporates, trusts and foundations who care about making a real and significant difference can get on board to support what is proven to work at scale, breaking down the real barriers and unlocking meaningful financial education for all young people. Learning about money, still costs money.

For young adults approaching and becoming care-leavers the role of the local authority is key. LAs need to ensure quality provision and that the care-leavers engage with it. For example, the Royal Borough of Greenwich, Lewisham and Newham mandate education in personal finance and tenancies through MyBnk's The Money House. Participation is requires or strongly encouraged as a condition of joining the list for social housing.

LAs can also consider training and supporting social workers, although we caution that the training required to become expert in the relevant content and stay current in a subject that constantly updates (tax bands, minimum wages, UC rules etc, is much more than a few hours. England now spends nearly half of its entire children's services budget on 73,000 children in the care system (Children's Commissioner 2018).

The cost of financial education should be thought of as an investment. MyBnk delivers the *Money Works* programme to up to 16 care leavers at a cost of £1,600 for eight hours of dedicated money management and independent living lessons plus an accreditation. The cost of delivery is met by a mixture of trusts, foundations and corporate partnerships, a model not sustainable in the long term. The social return on investment is more than 3 fold in London and 8 fold outside of London.

10,000 young people leave care every year and one in three will lose their first home. It costs £7,056 (*National Landlords Association*) to evict a tenant and thousands more in support services once homeless. Money needs to be invested to enable to Leaving Care Services to ensure those in their care have the financial capability their new independence depends on.

4. What challenges are there specifically amongst foster children? What support is given to foster parents in providing the right financial advice to the children in their care?

N/A

5. What more can schools do to improve financial education among children in care? Specifically, can the role of the Designated Safeguarding Person in schools be expanded to ensure children in care receive access to financial education?

At school we recommend concentrating on meaningful financial education for all.
Our experience is that low financial capability is present in a minority (10-20%) in most classes or schools. It is not exclusively in, for example, schools with a high percentage of those on free school meals. There is a lack of evidence proving a direct link of poor financial capability to whether a child is in care or not. However, if children with low baseline financial capability could be identified prior to intervention, this would facilitate a more targeted approach.

6. Are you aware of interventions, either in the UK or elsewhere that have improved the access of children in care to financial education, and have evidenced improved outcomes?

MyBnk designs, develops and delivers financial education programmes for those aged 7-25. The programmes for school-age are aimed at all children. We run two programmes directly related to those in care or about to leave it. We have attached two programme pages detailing content, aims and outcomes.

<u>The Money House</u>:

A week long, non-residential, simulated living programme in real flats helping young people in, or about to move into housing, manage their money and remain independent. We operate two houses targeting young care leavers in the London boroughs of Greenwich and Newham and their neighbouring boroughs. A third house will be opening in March in Westminster.

<u>Money Works:</u>

An eight hour long series of workshops aimed at young adults not in mainstream education. This accredited survival money management programme focuses on independent living, digital finance skills and debt prioritisation. Targets young people in vulnerable circumstances, including care leavers and is delivered nationally.

The Money House

Particularly relevant to those just leaving care and targeted at those moving ,or recently moved, into independent living, this programme arms young people with practical financial and digital skills to pay their rent, bills and living costs whilst making informed positive choices about their future. The programme is delivered in close collaboration with the relevant local authority departments such as child and housing services.

Since 2012 it has helped more than 1,000 young people leaving care, prison or in temporary accommodation, keep their first home. There are presently two Money Houses, one in Greenwich and one in Newham. A third will open in Westminster in spring 2019.

Findings from independent evaluators, ERS, part-funded by the MAS, found participants were three times less likely to have unsustainable rent arrears and there was a 64% drop in evictions for those ‘at risk’ of losing their home.

There was a:

- 45% reduction in those incurring bank charges and missing bills.
- 22% increase in those borrowing safely, and therefore avoiding loan sharks.
- 27% increase in confidence managing money, to exceed the national average.
- Every £1 spent on the programme generated £3.36 in social value (*The Housing Associations' Charitable Trust*).
- £300,000 worth of direct savings were reported for housing providers.

<u>Case Studies</u>

"I'm currently living on my own – I never thought that would happen. I've had to learn about finances really quickly because if I do not pay my rent to my hostel I'm getting kicked out and no one's helping me. I've got no family help so it's really important to learn it from a young age.

We've done banking looking at different types of accounts and the products you can get, borrowing, APR/AER, lending, are you paying too much for your borrowing? The most interesting thing I learnt today would be understanding credit. For myself it's very important.

When you get older, life changes rapidly and circumstances change.

If they're teaching things like sex education they can teach people that are going to be adults and going out into the world about taxes and banking. They're not protecting us. We don't know what we're going out into. We just get thrown out the nest and then pretty much screwed!"
Tameera, 20, TMH Greenwich attendee.

"I got referred here by my social worker. Every young person leaving care in Newham has to do before they get to move out.

I actually learned a lot at The Money House because before I came here, if I was given my leaving care flat tomorrow, I would have just walked in not understanding the legal tenancy or anything like that. I would have just walked in and just signed off everything, and been like, whatever.

I probably would have got kicked out a couple of months down the line.

Thankfully now I know how not to do that, I understand I have to read all the small print in everything, and take my time. Before I would have just rushed in and not really paid attention to what I was doing.

The two teachers that we had they made everything fun and not boring, and it wasn't just black and white and writing, they interacted with us, they played games. I really enjoy knowing that I could walk away today, be given my flat tomorrow I go in feeling more confident, and like I don't have to stress about it because I know what to do and not what to do now, and if I do need help, where to go.

My advice to those thinking about coming here. Make sure you attend all the days because each day you learn something new. You might think you're coming here for no reason but at the end of the day, they're here to help you and advise you on how to live more independently. You will know the rules and not just go into everything without not knowing what you're doing. The other advice I would give is to take in as much information as you can, and really just enjoy it!" **Hawa, 20, TMH Newham attendee.**

"There is a real lack of cost benefit analysis in financial education, including with young adults transitioning into independent living – but this report provides a fantastic contribution to the growing evidence base. The Money House is an excellent example of providing vulnerable young people, such as those leaving care, with the skills and knowledge they need to manage their money and stay out of problem debt. By providing them with the awareness and confidence to seek advice, the programme has made strides in helping them with their transition to independent living. The findings from this programme will undoubtedly inform the practice and delivery of young people's financial education." **Sarah Porretta, UK Financial Capability Director at MAS.**

Money Works

Money Works is delivered to groups such as those not in employment education or training, supported housing residents, young people leaving care, young parents and those on employability programmes. Sessions cover budgeting and habits, being independent, banking and borrowing and beyond today.

Findings from independent evaluators, ERS, part-funded by the MAS, found:

- Debts dropped 60%. This compared to control groups of their peers, who saw their average debts grow by 50%.
- The number saving regularly increased by 23%.
- Over half would now seek specialist advice, up from 32%, from the likes of StepChange or Citizens Advice.
- Capabilities of young people in saving, financial confidence, life satisfaction and digital literacy, which were below the national average, are now above it.
- £1 spent on the programme created £5.57 in social value and the impact increased as time went on.

It also found vulnerable young people were below the national average for their peers across a range of indicators, but after intervention, exceeded their more capable peers in the long term.

The study showed:

- Life satisfaction increased by 28%.
- There was a 24% improvement in financial confidence.

- More now go online to make government transactions, such as paying tax, than the national average – boosting digital literacy.

It may also be more effective to direct resources outside of London. ERS discovered a greater social return on investment of £8.19 for every £1 versus £4.05 in the capital. The programme therefore helps those most in need, as young people outside London were found to have lower financial capabilities. Money Works closes this gap.

<u>Case Studies</u>

“This is the third year we have had MyBnk workshops and the information and youth friendly, interactive way they deliver it is fantastic for our young people. Especially given that many are still in care and are about to go into independent living, they are very vulnerable to getting into debt. What MyBnk does empowers them and is relatable to them.

As social workers, we don’t have the time to go into the depth and style of delivery that MyBnk does. Money Works is now an integral part of our programme of support here, the qualification element is very attractive for them and we've now made it compulsory for every young person.”
Karena Brown, Education Officer, Leaving Care Unit, Hounslow Council.

“I’m in college studying Maths and English, and this was something I’ve never experienced before in my life. In the first day, I learned how to handle my finances. I really enjoyed this session from the off. I wasn’t sure at first but as time went on it just got better and better. It made sense. It mattered.

Paul, the MyBnk trainer, introduced me to things I knew existed, but was clueless as to how they worked, such as banking and savings accounts. I waste a lot of money. Smoking has always been a bad habit of mine, and now I’m willing to cut down big time to have a little extra cash to save and spend. Never thought I’d say that!

I’m really pleased I came. Maths at college doesn’t cover this kind of stuff, how it relates to my life. I now understand what I need and what I don’t need. I also used to get frustrated with work, not understanding what certain things meant on a payslip. Paul managed to break it down to me, and now I get it. I would most definitely take part in another session like this.
Money, the MyBnk way, wasn’t boring, it was the total opposite.” **Tarik, 18, Bexley Leaving Care.**

“I came to England from Vietnam alone a few years ago after I tragically lost my family and I’m currently in college studying Maths and English. I had never been shown how to manage my finances, but I’ve tried to as best as I can. It’s been difficult because I’m still improving my English and things work so differently here. Finding out information on bank accounts has been hard as there are so many to choose from and little guidance.

MyBnk have helped me because they have given me the basic tools to be stable. I don’t have much, and this was something I desperately needed. I do have a basic understanding on how to save, which is good, but now I’m fully confident to walk into a bank and find out what’s best for me. Most useful thing I learned today was being able to prioritise my money. Discovering my needs and wants, because it will allow me to save more money.

I will always keep this knowledge I've learned with me. It's been a great experience and I will introduce these skills into my everyday life to stay independent. I greatly appreciate the opportunity and look forward to putting this to good use." **Ling, 18, Bexley Leaving Care.**

7. What measures are in place to ensure that children have the financial education necessary to appropriately manage their Child Trust Fund savings after leaving care?

We are aware that the Tax Incentivised Savings Association (TISA) has produced a FAQ document which provides definitive information on managing a CTF. They are now looking at ways of making this document available to young people, possibly using technology as a route of access.

A key issue though is the fact that TISA estimate that there are approximately 6.3 million CTF accounts where the provider has never had details of, or has lost track of the owners. One estimate suggests that there may be as much as £1.5bn in those lost accounts. Therefore it is of prime importance that the first step is to repatriate these accounts with their owners. TISA supported The Share Centre in a competition to design a poster and distribute it to schools.

The Money House

Content

The Money House (TMH) helps young people in, or about to move into housing, manage their money and remain independent.

Participants gain practical financial and digital skills to pay their rent, bills and living costs whilst making informed choices about their future.

Key facts

Format: 1 week. Monday – Friday, 10.30am – 3.30pm. 1 day available

Target group: 16-21 year olds.

Group size: 4 -10 young people.

Accreditation: 5 day only. Level 1 Money Management from ABC
Entry Into Work Employability Module.

Sessions take place in a fully kitted out flat, not a classroom. It looks and feels like a typical flat that young people would aspire to live in when they move into a form of independent living. Our experts help them become more confident about money and living on their own by providing real-life skills in a unique setting that brings financial education to life.

At TMH there are no lectures. Interactive games and activities involve young people in every aspect of their learning. Our Education Officers are young, trained, tested and enthusiastic, and it shows in the feedback we get from all the young people who attend.

Impact

- Participants are three times less likely to have unsustainable arrears.
- We see a 45% reduction in young people incurring bank charges and missing bills.
- A 22% increase in those borrowing safely, and therefore avoiding loan sharks.
- A 27% increase in confidence managing money, which exceeds the national average.
- Landlords have reducing costs and securing more rent with fewer arrears.
- Every £1 spent on TMH generates £3.36 in social value.

Participants will recieve a hot lunch plus travel expenses, content adapted to meet their needs and accreditations or certificates.

Eligibility:

Housing: For those eligible for social housing, accessing housing support from their local authority, or moving into independent living in the private rented sector.

Already a tenant or has expectations of a tenancy: Living in LA supported housing, LA temporary accommodation, bidding for own social housing tenancy, accessing support from LA to help them into private or social housing or moving into private housing independently.

Referrals: To refer a young person contact themoneyhouse@mybnk.org.

Sessions also provide:

- Extra support to understand benefit changes and implications - Universal Credit; LHA Housing Benefit Cap.
- Digital skills to help them navigate the financial maze and make the most of their money – Open Banking; comparison websites; changing utility providers etc.
- Signposting to relevant services that can assist young people further if required – StepChange; ChangeGrowLive etc.

Topics include:

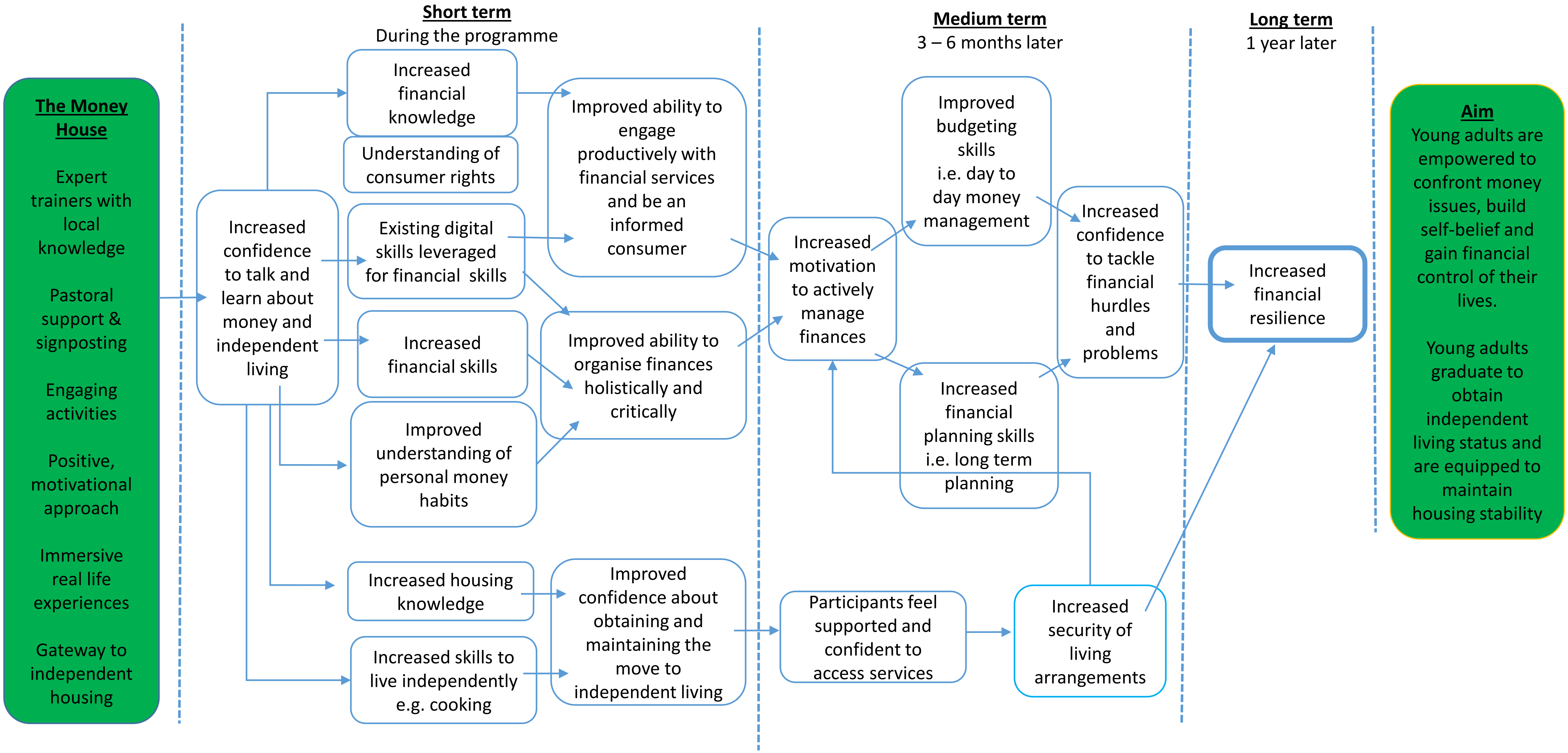
- Tenancy agreements Rights & Responsibilities.
- Cost of moving in.
- Avoiding eviction.
- Paying household bills.
- Choosing utility providers.
- Banking – Accounts & Savings.
- Borrowing safely.
- Budgeting – Weekly & Monthly.
- Spending habits – Good & Bad.
- Shopping – Offers, consumer rights.
- Benefits – Entitlements & Universal Credit.
- Online safety and spotting scams.
- Risks of money muling.
- What's next – Planning for the future?

MyBNK

We also offer a 1-day alternative covering segments of these topics. These are available only to those in full-time employment or other extenuating circumstances (e.g. close to full-term pregnancy).

"I have learnt so much. If this was a lesson at school, I would not miss it. I've learnt about pay, online safety, small print and how to separate my needs and wants. I'm getting my friends on this course!" **Channel, 19, TMH Greenwich attendee.**

The Money House Theory of Change



Evaluation Logic Model

Inputs

- TMH facilities in Greenwich and Newham
- TMH programme design
- Referrals from partners
- Expert trainers with local knowledge
- Programme management & systems

Activities/ Outputs

- One or 5 day course
- Engaging activities
- Positive, motivational approach
- Immersive real life experiences
- Pastoral and peer support
- No. of young people engaged
- No. sessions delivered
- No. accreditations awarded

Outcomes (short, medium and long-term)

Short term (during programme)

No. YP with increased:

- Confidence to talk and learn about money and independent living
- Financial knowledge
- Understanding of consumer rights
- Leverage of digital skills for financial skills
- Financial skills
- Understanding of personal money habits
- Housing knowledge
- Skills to live independently

No young people participants who report improvements in:

- Feeling supported and confident to access services
- Ability to engage productively with financial services and be an informed consumer
- Ability to organise finances holistically and critically
- Ability about process of obtaining and maintaining the move to independent living

Medium (3 – 6 months later)

No. YP with increased:

- Motivation to actively manage finances
- Increased financial planning skills
- Improved budgeting skills
- Increased confidence to tackle financial hurdles and problems
- Increased security of living arrangements

Long-term (1 year later)

No YP with increased:

- Financial resilience

Aim (impact)

- Young adults are empowered to confront money issues, build self-belief and gain financial control of their lives.
- Young adults graduate to obtain independent living status and are equipped to maintain housing stability

Money Works

Content

A digital and financial skills programme for young adults moving into independent living to confront their money worries.

Young adults living on their own, or about to, are often in need of survival money management skills and actions they can implement immediately.

For many of them, the digital space is their ecosystem, but they do not always know how to positively leverage their natural tech skills.

Key facts

Format: 2 X 4 hours or 4 X 2 hours.

Target group: 16-25 year olds moving into independent living.

Group size: 6-15.

60%
Drop in participants average debts
Money Advice Service 'What Works Fund' 2018

Sessions cover:

- **Budgeting & Habits:** Attitudes towards money, needs & wants, cutting back, budgeting, sources of income.
- **Being Independent:** Wage slips, tax & NI, benefits, universal credit, steps after move in, reading bills, household costs.
- **Banking:** How banks work, savings and current accounts, interest, forms of payment, choosing an account.
- **Borrowing & Beyond Today:** Forms of borrowing, credit history, debt consequences & prioritisation, looking forward, setting goals.
- **Embedding digital skills:** Increasing the access, use, skills, confidence and motivation of young people using digital tools to manage their money, make financial decisions and plan for their future.

Topics covered include; finding information, shopping around, accessing financial services and benefits, managing money, sharing, swapping & selling, staying safe online, digital footprints, checking credit scores and online banking and payments.

Combining digital literacy with money management is a powerful and liberating prospect for those who find themselves waiting on payday or punished by late fees.

Money Works maps into a range of accredited life skills, money management and employability certificates.

"Brilliant workshop to help young people face financial challenges. A great and worthwhile resource, important for all young people, epecially for care leavers. Cannot wait until the next one!" **Dawn Mason, Personal Advisor, Leaving Care Team, London Borough of Bexley.**