Response to Money & Pensions Service Listening Document

Background

MyBnk is one the UK's leading developers and deliverers of financial education programmes for young people. We are noted for our relative scale and the impact we make and can demonstrate, underpinned by the work of our expert trainers. We believe we are by far the leading specialist financial capability organisation working with young adults in vulnerable circumstances.

In the year to August 2019, we will work with 35,000 7-25-year olds, adding to the 220,000 reached since 2007. We work through collaboration partners, 1,300 schools and youth organisations since inception. Half our work is in primary schools, building positive money habits, and secondary schools, building financial capability, and half is with young adults in vulnerable circumstances, collaborating with local authorities and youth organisations to underpin 'survival' money management for those that need it most as they transfer to independence.

These programmes help form positive habits like saving and delayed gratification, connect the dots between public and personal finance and arm young people with practical money skills. Young people are taught how to navigate the system and make informed decisions. Topics range from budgeting, banking and borrowing to student finance, tax and pensions. Programme range, here.

Programmes are created by our in-house team of experts and young people. Education Officers are carefully selected. They must have a minimum of two years teaching or youth work experience and are then trained and supported to deliver the programmes. Quality control is thorough and informed by systematic feedback from young people, teachers and partners and regular core subject knowledge testing.

MyBnk's programmes have been proven to work. They were independently evaluated as part of the Money Advice Services' (MAS) £12m 'What Works' Fund to test, pilot and scale financial capability solutions. Programmes delivered to primary and secondary schools and two delivered in non-school settings with young adults were tested for theory, outcomes, causality and value for money. Reports, here. Evaluation is thorough, independent and ongoing.

We include a link to a recent op-ed piece by MyBnk's CEO Guy Rigden on the role of MAPS in the FT Adviser – written on behalf of members of the Youth Financial Capability Group.

Top level questions

1. What are the top priorities the Money and Pensions Service should focus on over the next three years?

MyBnk is greatly enthused by the Money and Pension Services' (MAPS) outline strategies and ambitious culture and will continue to support the strategy's aims.

Our focus is on MAPS' strategic function, leveraging our deep experience in building the financial capability of children and young people (CYP), including our leading position working with those in vulnerable circumstances.

We substantially and enthusiastically endorse the view of Chair Sir Hector Sants that MAPS must make a 'step change in ambition and pace'. We are encouraged by the comprehensive work undertaken thus far, the scope of this listening phase and we support the direction of travel.

Directly, MAPS should allocate a higher proportion of its budget to preventative work, reversing the trend of the last few years (at MAS). Within the preventative budget there should be a relative move from further evidence gathering and piloting (although this remains important), towards funding proven interventions that can be expanded at scale and with the infrastructure to ensure high and consistent quality.

MAPS should estimate and publicise a top-level estimate of the cost of providing meaningful financial education for all young people. Inferring from MAPS own estimates and MyBnk costs, that will be in the range of £100-£200 million. There needs to be sustainable funding to up-scale financial education in all schools. The Department for Education (DfE) operates a budget of almost £90 bn and, with the support of HM Treasury support could do this directly. The DfE reviewed PSHE provision in 2019 and rejected the inclusion of financial education for all ages at all schools. Furthermore, current provision within the PSHE curriculum should be scaled up with the economic and financial content getting greater attention. MAPS has work to do.

MAPS should continue to maintain a public-facing element with the aim of increasing the social acceptability and confidence of 'talking about money' and the public support of financial education to improve financial and general well-being. Parents are the most important influencers, especially at a young age, but schools are where CYP can be reached at scale.

For young adults in vulnerable circumstances we concur with MAPS that collaborative, facilitating approaches are needed to ensure young people are reached through proven solutions. MAPS can build on the new legal requirements of local authorities to provide financial guidance to care leavers and to prevent homelessness.

MAPS needs to support programmes that can be scaled to engage a significant proportion of the UK population. This means facilitating and supporting sustainable funding to up-scale financial education in schools. A cross government departmental effort with the Department for Education, incorporating Ofsted and HM Treasury supported by private sector funding.

Schools is the place to start. Current provisions within the PSHE curriculum have to be scaled up. The economic and financial content of PSHE needs greater attention, with Ofsted inspection and an element of testing to secure schools prioritise it. MAPS should advocate proven solutions, priority and investment in non-school settings to build on the new legal requirements of local authorities to provide financial guidance to care leavers and to prevent homelessness.

2. We are required to help those 'most in need' and those who are 'in vulnerable circumstances'. How can we best identify and reach them? What evidence do you have to help us target these groups effectively?

For CYP, we would distinguish between approaches for school-age and young adults.

At school age we advocate a whole-school approach as most efficient despite the attraction of targeting those starting with poor capability. All children are required to attend school and, at this stage, financial education is preventative. (There are some exceptions such as specialist support for care givers, which we would approach as for young adults). From independent evaluation and the direct experience of working with more than 1,000 schools, we find it challenging to profile where we will find relatively poor financial capability from macro-statistics such as indices of deprivation or the incidence of free school meals, although we have found generally lower levels of baseline financial capability in the regions relative to Greater London. Instead, we find incidence of poor capability within classes, for primary school age, between 10-20%. Following our programmes that gap is closed. See the report documents here.

Most in need are those with poor financial capability and in situations where 'mistakes' have significant consequences. For young adults this means those on low or no incomes and with limited support networks. Examples are care-leavers, single parents, those on support programmes such as those provided by the Princes Trust and young immigrants. These are the target groups for MyBnk's Money Works and The Money House programmes. We deliver these programmes collaborating directly with Local Authorities or youth partners that have established relationships with these groups. We consider access and the infrastructure to make sure the beneficiaries are aware of and encouraged to attend, as well as the content and delivery of the programme itself. We operate within a cross-referral eco-system that we develop in partnership.

MAPS can and should directly support proven interventions such as ours and act as a trusted guide to services such as MyBnk's Money Works programme and support us and others to maintain the collaboration required. MAPS can further support vertical and horizontal collaboration to improve effectiveness and efficiency. MAPS initiatives in standards are also supportive here.

The core outcomes of targeting higher savings and reducing the incidence of credit for everyday spending are relevant for the young adults we work with. In practice we measure priority spending e.g. rent payments as an indicator of improving financial health and credit scores for financial governance.

3. For each area of our remit, how should we balance maximising impact with 'most in need' and 'vulnerable' groups (even if that means reaching fewer people overall), and reaching as many people as possible (even if that means we have less impact on each individual reached)?

As per point 3 – it is most efficient to target all school-children. For those that are in vulnerable circumstances the transition to independence, before major issues arise but at the point they can do, is most efficient.

Here MAPS may not be best served in supporting multiple specialist interventions. MyBnk collaborate with specialist organisations sharing and adapting core expertise. Examples are with Deaf and sight impaired charities, homeless groups and employability supporters. They have the specialist insight into young people's lives and we into core financial capability that can be adapted to circumstance. We work with them and those in there charge to make sure we are targeting the relevant outcomes.

People can move in and out of a vulnerable situation, and vulnerability can occur suddenly. It is not strictly possible to make a clean distinction. Financial capability efforts should contain an element of 'risk of vulnerability'.

4. How should we balance Money and Pensions Service resources between preventing financial difficulties occurring in the first place, and helping people who are in need or crisis right now?

MAPS should reverse the trend of the last few years (at MAS) and rebalance towards building financial capability and addressing attitudes, behaviours and life goals, rather than waiting until people struggle with money matters. This approach is credible with the evidenced base now built and being further developed. MAPS will fail to achieve its aim of positively impacting the whole population if support is restricted to 'crisis' work.

This new dynamic should also extend to the funding formulas that require lenders and public sector agencies to support debt advice.

5. How should we facilitate the improvement of quality, efficiency and capacity within the money guidance, financial capability, debt advice, or pensions guidance sectors?

MAPS is on the right track, supporting quality-marked resources (both remote and directly delivered) and training and with an emphasis on making and demonstrating an impact.

6. What are the most significant gaps for public financial guidance to fill?

The Money Advice Service and the Financial Conduct Authority have identified a range of needs. Our priorities would be the upscaling of financial education in schools and effective support for vulnerable groups.

7. Do you have any reflections on the current regulatory boundary between guidance and advice? What experience do customers have of this in practice?

The HM Treasury/FCA Financial Advice Market Review (FAMR), the Financial Advice Working Group devised and tested concise definitions of advice and guidance (see table below) provides useful clarification to professionals. MyBnk is clear that we offer guidance.

We believe the issue is with public confusion as to what is guidance and what is advice.

8. How can we achieve our target outcomes at scale by working with different sectors (e.g. employers, financial services firms)?

There are chances to scale with:

- Directly support impactful interventions.
- Estimate and publicise the financial investment required for meaningful financial education for all young people
- Continue to set quality standards and expectations.
- Encourage sector-collaboration so that all financial education is primarily and seriously orientated to outcomes. Introduce partnerships between providers and supporters.
- Linking grassroots debt advice with quality financial education providers.

9. How could we maximise funding in the sector and attract new sources of funding?

MAPS can make a stronger case for central and collaborative funds if it not only makes the case for better financial education but builds the infrastructure to signpost quality marked providers – giving policymakers and funders confidence that support is going to the most effective interventions and, crucially, estimates an approximate cost to provide meaningful financial education for all young people. Such an estimate, if through schools or volunteers, should include the cost of training and maintaining expertise. Teachers and volunteers are not free.

We endorse MAPS' ambition to use its strategic leadership to direct the sector in general.

MAPS estimates £18 million of external support is directed to financial education for CYP but that, based on provision mapping, less than a quarter of CYP are reached. The source of spending is noted, with the biggest contributor being financial services. There is no analysis shown of where and how the money is spent and whether it hypothecates, for example, volunteer and teacher time. Our view is much expenditure is concentrated in unproven, relatively ineffective interventions inconsistent with approaches that lead to impact, evidenced by MAS What Works. Here MAPS must encourage funding of interventions with proven impact or at least incorporating the factors that lead to impact.

MAPS' estimate is a snap-shot of expenditure that is cyclical and volatile. Charitable providers, such as MyBnk, continually need to roll-over funding. (It is ironic that the most challenging area to raise funding is for secondary schools where financial education is on the national curriculum (in England)). Without a change in landscape to sustainable funding, it should not be assumed that present expenditure will continue.

From the document we infer MAPS estimates an extra £10 m could lead to 5 % points more coverage. With approximately 10.3 m children in the school system, this suggests the total budget required for financial education in schools, if delivered with the present mix and assumptions is approximately £200 m.

MyBnk offers financial education at lower and upper Key Stage 2, at 3, 4 and 5 and specialist pre-university sessions for Years 10-12. The cost to provide that education varies at each stage but an approximation is £25-30 per young person per intervention, with the opportunity to reduce that at scale. While we do not suggest that all schools, or even the majority of schools should follow the MyBnk route, MyBnk is fully-costed (including for development, delivery, facilitation, ongoing training and evaluation). As an illustration, we could estimate 10.3m children trained on the relevant MyBnk programme every other year would cost approximately £130-160 million.

Work with vulnerable young adults is through longer programmes with smaller groups and can cost from £100 to £1000 per young person. Given the heterogeneity of those in vulnerable circumstances we would not offer a similar illustration for these groups beyond the observation that for each young adult is a multiple of those in schools. Saying that, MyBnk's Money Works and The Money House have a positive return on investment of between £3-6 per £1 spent.

10. If you are not already involved, what would motivate you or your organisation to support people to make the most of their money or pensions? What is currently stopping you and how can we reduce those barriers?

Stakeholder feedback on barriers include cost, proof of impact, low prioirity, lack of time and confidence. A combination of increased resourcing, changes in attitude, effective advocacy and better training can help overcome these blockers to engagement.

11. What more could we do to make best use of the different channels through which consumers could access information and guidance about money and pensions?

MAPS allows a singular, trusted first point of call to penetrate the sometimes cluttered landscape of money advice/guidance and quangos. We have suggested ways in which MAPS can do this through upscaling, qualifying and advocating proven providers such as MyBnk. This can also be amplified via MAPS digital channels and creating accessible and engaging content. MAPS and the FCA should be cross signposting and making referrals between advice and support organisations through a technology infrastructure.

12. What opportunities are available to address issues around money and pensions in a holistic way now that three organisations have been brought together into one?

We have suggested a range of solutions in questions 1, 6, 8 and 11.

Other pathways include, support for ESOL service users, rural partnerships with businesses and community organisations and support for whole-household financial capability.

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15: Do you agree with our analysis of the issues?

Broadly, yes.

We further experience:

- The lack of time and expertise currently available in the schools system. Many schools prioritise subjects examined, inspected or needed for progression and the 'squeezed space' for money lessons within testing, core subjects and a rigid Ofsted Inspection Framework. There appears to be a systematic under-appreciation of the time teachers need to prepare for lessons, using textbooks or resources from outside providers, especially as those teachers are not themselves trained and confident in the subject. The cost of that time is not reflected in the solutions offered.

- The absence of a universal measuring stick in schools to gauge financial capability. Financial education needs to be examined and Ofsted-inspected. Whilst our work is mapped to the national curriculum specifications and sometimes delivered within standard subjects such as PSHE and Citizenship, financial education is often at the margins – i.e. a dropdown day.

  A requirement to in some way examine and inspect it, so there are actual consequences of not providing learners with effective financial education could be a game changer in how schools treat the subject.

  In April 2019, we made this point to Ofsted in our response to Ofsted's consultation on its Education Inspection Framework.[1] In preparing this response, we reviewed Ofsted's draft inspection handbooks and found that not only is financial education underplayed, but the economic side of PSHE in general is underplayed. The cultural, social and political aspects of UK society are approached as if they do not have economic foundations, such as for example the freedom to contract, enforceability of contracts, freedom to travel, rent and buy property, freedom to change employers or start up a business, freedom to choose where to live, to borrow money, etc.

  We suggest that MAPS combines a call for more financial education in schools with the need to educate about this broader economic context.

16: Are we focusing on the right outcomes?

We welcome the young people targets set out on page 26.

In addition we would acknowledge:

- Possible ambiguity in the meaning of "receive the key elements". This may not equate to a meaningful financial education that is substantive and on a par with other important subjects in the school curriculum.

- Tangible goals. Having a funding figure on the resources needed (i.e. expert delivery/teacher training) to enable comprehensive financial education in schools and colleges. This can be at the centre of a campaign for proper funding and resourcing.

The absence of plan within the UK education system to meet the targets MAPS is setting need to remedied if these goals are to be met. It is important to know what is expected from each contributor (public and private) and how all the contributions fit together to achieve the goals.

As argued in point X, the £10 million estimate on page 32 looks appears low. It involves reaching half a million CYP each year, but there are 10.3 million pupils in the UK school system.

For example. At MyBnk we can deliver everything prescribed on the national curriculum in three 100-minute sessions by a single trained and tested education officer at an average cost of £30 per young person. Even with efficiencies this would be more than the outlined estimate.

17: Have we highlighted the right priorities for action?

We mostly agree with MAPS analysis, are pleased to see key priorities identified and that MAPS approach is evidence-driven.

- Scaling up should be given greater relative weight following a very heavy evidence-gathering period.

- Evidence Hub. We are keen to see MAPS build on the work of the Financial Capability Strategy for the UK Evidence Hub in a way that helps funders and educators make an informed decision on what to scale and utilise. The scaling-up of programme delivery is necessary for the next phase of evidence gathering.

- Volunteers. We know volunteers add 'real world' value to financial education, however our experience is that it is significantly challenging to maintain necessary standards.

  Practitioners need to have a combination of teaching skills, financial knowledge, behavioural management skills and 1-2-1 communication skills. Having a good financial knowledge does not necessarily mean a volunteer will be good in the classroom. MyBnk's recent Money Advice Service 'What Works' Fund report showed 73% of teachers thought our expert-led sessions were more effective than those delivered by volunteers.

  Volunteer-led delivery should be brought within the overall MAPS quality framework.

18: Should we seek to influence the wider policy and regulatory context, and in what areas?

The public support for financial education has not yet translated into a significant upgrading of money lessons in the curriculum and actual teaching. For this to happen, MAPS will need to advocate with government, parliament and civil society with UK educational authorities including DfE and Ofsted.

To build the case for financial education we suggest that MAPS emphasise the need for financial education to have a clear 'home' within PSHE and a designated responsible leader within the school. We find that young people approach financial education with enthusiasm when it is presented in the context of life goals and the psychology of money. We think there are many opportunities for synergy with other aspects of education, particularly as schools are preparing young people for further education and a lifetime of living and working in a market economy.

Lessons learned from the Financial Capability Strategy for the UK

40: What are your reflections on the recommendations from the Financial Capability Strategy for the UK 'lessons-learned' report?

We agree that:

- The next phase must be about turning evidence into action.
- The strategy should have specific goals and targets, with a clear timescale and roadmap attached to them.
- There should be better branding and terminology that engages consumers.
- Need for 'step-change' approach to achieve population-level impact.

41: How do we ensure that organisations other than the Money and Pensions Service deliver on the plans and towards the coordinated goals of a National Strategy?

MyBnk feels the best way to do this is to show how improving financial capability can help outfits achieve primary objectives. This means approaching financial capability not in isolation, but holistically with commercial goals of private sector firms and the policy and social goals of the government civil society.

42: We have outlined some design principles and suggestions for possible governance models. Do you agree with these design principles? What other governance models do you think could be effective in helping to deliver the National Strategy?

MAPS should look to the FCA and DWP models for partnership management. The DWP model could be leveraged for MAPS use, given the new structure and the strong links already in place between DWP and the voluntary sector. This would help DWP be seen as a department for everyone and remove the stigma that DWP is only for vulnerable, disabled, those on benefits, or older people.

Diversity and the voice of young people is crucial. MyBnk has been enthused at the openness and reception to the contribution of members of our Youth Advisory Panel in MAPS/MAS events. At the moment those shaping the future both in MAPS and within the wider financial capability network are not necessarily representative of the people served by the sector. We need to close this gap. A more formal mechanics to involve these voices, especially young people in vulnerable circumstances, is to be encorouaged.

Bringing together MAPS's direct services

44: What are the advantages and disadvantages of keeping specialist brands, compared with one overarching customer-facing brand?

MAPS currently has too many brands and websites. In our view these need merging.

MAPS should develop a consumer-facing brand that will enable it to be seen by the public as the authority and 'go to place' for money and pensions guidance.

45: How can the Money and Pensions Service best support other providers of guidance, help and information through different channels?

- By having a strong consumer-facing brand that is easy for other providers to refer and link to.
- By leading the development of standards for financial capability work, including accreditation, programme evaluation and practitioner competency.

Our priorities for research, insight and evaluation

47: What should the Money and Pensions Service do to promote the use of evidence in funding decisions and service design across the sector?

MAPS need to facilitate the evaluation of scaled up programmes. Much UK financial capability work to date is on a relatively small scale. We now need to see interventions scaled up in intensity and duration to a level that could plausibly achieve larger results.

These scaled up interventions should then be evaluated, building the sector's understanding of the best ways to achieve population-level impact.

MAPS should promote the evidence hub and provide additional signposting on how to use the evidence. Research findings need to be presented in clear ways via multiple channels, not just written reports, assisting financial capability leaders apply the findings in designing their services.