

Financial Education and Inclusion (Wales) Bill:

**Evidence submitted to the
NAW Children, Young People and Education Committee**

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Introduction

1. ColegauCymru welcomes the opportunity to respond to the Children, Young People and Education Committee's consultation on the Financial Education and Inclusion (Wales) Bill. We are happy for this response to be placed in the public domain.
2. ColegauCymru represents the 15¹ further education (FE) colleges and FE institutions in Wales, ten of which are FE corporations. FE corporations are identified in Section 13 of the Bill.

Executive Summary

3. FE corporations support the desire to improve the financial capability of their learners. They provide welfare services for their learners. Further, they have demonstrated their commitment to financial capability through their voluntary engagement in private sector-led projects. A number of FE corporations also involve a wider range of partners, including the Citizens Advice Bureaux and the Money Advice Service.
4. Education and training beyond the age of 16 is non-compulsory. The Welsh Government funds post-16 learning at FE corporations and approves the qualifications that qualify for public funding. The curriculum is currently being reviewed.
5. Notwithstanding the provisions in the Further and Higher Education (Governance and Information) (Wales) Act 2014, which seeks to return to FE corporations the status of Not for Profit Institutions Serving Households (NPISH), the Welsh Government remains a key source of funding for FE corporations and the FE corporations wish to retain a constructive relationship with the Government.
6. FE corporations are independent of local authorities. They seek to foster partnerships and may work together on a number of projects and sit on Local Service Boards, but local authorities have no legal jurisdiction over FE corporations' learning programmes.
7. The aims of the Bill are laudable, but the provisions in the Bill as they pertain to FE corporations are not appropriate.

¹ The 15 include 10 FE corporations (St David's Catholic College, Coleg Gwent, Bridgend College, Cardiff and Vale College, Coleg y Cymoedd, NPTC Group, Gower College Swansea, Pembrokeshire College, Grŵp Llandrillo Menai, Coleg Cambria); the two FE institutions - WEA Cymru and YMCA Community College; and The College Merthyr Tydfil, Coleg Sir Gâr and Coleg Ceredigion which are part of university groupings.

General Principles of the Bill

8. FE colleges are major providers of general education provision in Wales, helping to produce some of the best learner outcomes. Colleges are the predominant providers of funded vocational and technical education in Wales, providing about 85% of the total provision.
9. Colleges seek to ensure the wellbeing of their students and provide discrete student services that provide information on a range of matters including student grants, safeguarding, confidential support to learners experiencing personal difficulties, and referrals to specialist agencies where appropriate.
10. There is a significant body of evidence that suggests that a significant number of people in Wales – including FE college students - would benefit from better financial management skills.
11. ColegauCymru therefore supports the key aspiration of the Bill, which is “to promote the financial education and inclusion of people in Wales”, but in this response offers a number of points of clarification on FE corporations that may help the Committee decide whether Section 13 of the Bill in particular would serve to bring about the anticipated outcomes.

Is there a need for legislation to deliver the Bill’s stated policy objectives?

12. With regards to children under the age of 16, it is hoped that the forthcoming changes to the pre-16 general qualifications in Wales (e.g. the planned introduction of the new numeracy GCSE qualification which should include some financial perspectives) will help improve the financial literacy of young people and that they will apply their knowledge of financial management as they take on the responsibilities of adulthood.
13. On entry to FE colleges, the Welsh Government requires almost all 16-19 year old learners to be screened for literacy and numeracy needs. Appropriate support is provided by the colleges as necessary to help students with identified literacy/numeracy needs. Financial literacy needs are not identified separately. Essential skills qualifications and the post-16 Welsh Baccalaureate Qualification (WBQ) are currently under revision. We understand that the new WBQ will include scope to include challenges that relate to financial literacy.
14. In order to improve people’s financial wellbeing in wider terms, the Financial Services Act 2012 set up the Money Advice Service with statutory objectives.

Are the key provisions set out in the Bill appropriate to deliver its stated purposes?

The Bill as it pertains to FE corporations

15. Section 13 of the Bill:

Advice for students

“A local authority must take reasonable steps to ensure that universities and further education corporations in its area provide advice about financial management to students.”

16. There are three aspects to Section 13 that require consideration:

- a) The relationship between a local authority and a further education corporation
- b) The role of FE corporations in providing advice on financial management
- c) The different categories of enrolled students at FE colleges.

(a) The relationship between a local authority and a further education corporation

17. FE corporations work closely with the local authorities in their areas. Indeed, most FE corporations have campuses in more than one local authority area and may partner with more than one authority on various projects and initiatives at any given time.
18. FE corporations are, however, incorporated bodies with their own governing bodies and Instrument and Articles of Association.
19. A local authority has no jurisdiction over further education corporations. As such, local authorities are not well placed to ensure any type of provision by FE corporations.

(b) The role of FE corporations in providing advice on financial management

20. The Welsh Government provides funding to colleges to provide education and training in accordance with the Learning and Skills Act 2000. Sections 31² and 32³ of the Act state that, in securing educational and training facilities, the Government must “take account of facilities whose provision the [Government] thinks might reasonably be secured by other persons”.

² *Learning and Skills Act 2000* [Section 31](#)

³ *Learning and Skills Act 2000* [Section 32](#)

21. FE colleges are not currently required to provide advice on financial management to its students (or to the general public).
22. The provision of financial management advice is a specialist area of expertise. FE colleges may have a role in signposting and supporting access to advice on financial management, and they may also help develop the financial capability of some of their students - where opportunities, timetables and funding allow (see paras. 27-28 below), but we do not consider it appropriate for FE colleges to take on a statutory role in the direct provision of financial management advice.
23. We consider that other organisations and agencies better placed to provide such specialist advice, including the Money Advice Service, which has statutory objectives.

(c) The FE student body

24. In 2012/13,⁴ there were 174,925 individual students attending FE college undertaking a total of 656,285 learning activities. Students under the age of 19 comprised 29% of the student population at FE colleges across Wales. The majority of college learners (63%) studied on a part-time basis, 28% studied full-time, and 9% were in work-based learning provision.
25. FE corporations provide short courses (e.g. First Aid, Health and Safety in the Workplace) and long courses (e.g. A levels). Particular courses pertain to different levels, from Entry level to higher education, and include qualifications that assess competence (NVQs), and professional courses (e.g. accountancy, Microsoft and Cisco IT professional courses). In 2012/13, 4,505 learners at FE institutions were enrolled on HE level programmes (L4+) within overarching FE, HE and work-based learning programmes. Of those studying FE level courses, 8% were on Entry level, 24% on Level 1, 40% on Level 2, and 28% on Level 3.⁵
26. 16-19 year olds do not pay course fees for their learning programmes at college. Students aged 19+ in receipt of certain state benefits may have course fees waived or reduced. For students who are employed, their employers may pay all or a proportion of their course fees. Other adult students are required to pay course fees in full.
27. Some FE students may be eligible for specific student funds e.g. Education Maintenance Allowance (EMA), Welsh Government Learning Grant (WGLG FE – previously known as ALG), Financial Contingency Fund (FCF).

⁴ [Further Education, Work-based Learning and Community Learning in Wales Statistics 2012/13](#), Welsh Government (June 2014).

⁵ [Learner Outcome Measures for Further Education, Work-Based Learning and Adult Community Learning 2012/13](#). Welsh Government (3 April 2014)

28. As a whole, then, the student body is very diverse. Certain categories of students may have similar needs, but as a population of around 175,000 individuals, they share little other than their desire to achieve certain qualifications. Indeed it is hard to ascertain, in legislative terms, why such a diverse student body would require one particular type of intervention on financial education.
29. It may therefore be more helpful to consider the need for legislation against different categories of FE students.

16-19 year old FE students

30. Between the ages of 16-19 many young people start to take on the responsibilities of adulthood. This includes budgeting and/or living independently.
31. FE colleges provide welfare services to students, including signposting to agencies that provide financial advice. Personal tutors also provide support to students, and the associated PSE curriculum usually includes some aspects of financial literacy.
32. Where opportunities, timetabling and funding allow, FE corporations may go further in proactively engaging learners in financial capability projects.
33. Examples of financial capability projects that all FE corporations are engaged in include two UK-funded financial literacy projects: one funded by Lloyds Banking Group: Money for Life, and the other by Barclays Bank: Barclays Money Skills Weeks – both managed in Wales by ColegauCymru. Both these projects engage young people and their advisers. The Money for Life programme is targeted at 16-24 year olds and includes FE colleges but is not exclusive to colleges. Involved in the programme are credit unions, housing associations, Communities First groups, youth clubs, and a prison, among others.
34. These projects are funded and owned by private sector companies. The banks provide teaching resources and their own personnel to support the projects. Colleges invest staff time in the projects and although all FE corporations are engaged in one or both projects, participation is non-compulsory. More on these projects are found in the attached briefing paper “Financial Literacy for Young Adults”.
35. With regards to the curriculum, FE corporations are funded by the Welsh Government to deliver Government-approved⁶ learning programmes to this cohort. The curriculum may have a role to play in helping young people gain

⁶ All qualifications approved by the Welsh Government for funding purposes are listed on the Database of Approved Qualifications Wales (DAQW).

knowledge and skills in financial management. As noted above, the WBQ is under revision.

36. We also recognise, however, that from the age of 16, those who choose to remain in full-time education do so on a non-compulsory basis. They have a choice in whether and what to learn.

FE students aged 19+

37. The vast majority of students aged 19 and over at FE college study on a part time basis. Learning beyond the age of 16 is non-compulsory. The legal basis for providing publicly funded learning for this cohort is different.⁷
38. The Barclays Money Weeks referred to in paras. 27-28 above are open to FE students at all ages but it is the choice of FE corporations whether to engage, and students' participation is optional.
39. Only a small proportion of the adult population of Wales are FE students. Numbers (and funding) have been reducing over recent years.

Conclusion

40. The Committee may wish to consider the review of qualifications as part of its deliberations, including the post-16 post-compulsory curriculum.
41. The Money Advice Service has a statutory requirement to improve financial capability of the public. FE corporations have shown that they are keen to participate in financial capability opportunities where such projects are appropriate for learners, where funding becomes available and where appropriate room can be found in learners' timetables.
42. We do not consider it appropriate to require FE corporations to assume responsibility for the provision of financial management advice or for local authorities to be required to ensure that FE corporations provide such advice or any type of education.

⁷ *Learning and Skills Act 2000* Section 32

Financial Literacy for Young Adults

Financial Literacy: the issues

At the age of 16 many young people start to take on the responsibilities of adulthood. There's a lot to learn, including: deciphering interest rates; seeing behind attractive advertising; making - and sticking - to a budget; knowing what value for money means.

Engaging Young People Effectively

Simply providing people with information on money management doesn't necessarily make people more capable or more confident with money.

We recognise that peers are the most effective messengers in changing behaviours in money management to bring about new norms and incentives.¹

As such, ColegauCymru is engaging young people and their advisers in peer-led projects and peer-led learning to improve financial capability in their local communities.

Financial Literacy Projects

ColegauCymru is the Wales manager of two UK-funded financial literacy projects: one funded by Lloyds Banking Group: Money for Life, and the other by Barclays Bank: Barclays Money Skills Weeks. Both these projects engage young people and their advisers.

Money for Life

Money for Life² is Lloyds Banking Group's personal money management programme, targeted at young people and adults in further education, training and community organisations across the UK.

Money for Life was shortlisted in Business in the Community (BITC)'s Building Stronger Communities Award 2014, and has been awarded a Big Tick for three consecutive years from 2012 to 2014. It was also awarded a special mention in the Independent newspaper's [Peer Awards for Excellence 2012](#).



ColegauCymru is delighted to have been chosen to manage the programme in Wales since its inception in 2011. We have worked successfully with further education colleges, work-based training providers and a range of organisations who work with young people in need of support, including:

¹ *Transforming Financial Behaviour: Developing interventions that build financial capability* (Consumer Financial Education Body, 2010) https://www.moneyadviceservice.org.uk/files/research_jul10_cr01_summary.pdf

² <http://www.moneyforlifeprogramme.org.uk/>

- mental health charities
- housing associations
- credit unions
- Citizen's Advice Bureaus
- a homeless centre
- youth organisations
- HMP Cardiff
- Communities First
- DWP

This year we are partnering with Youth Cymru to secure a wider reach.

The Money for Life Programme has two key strands: a qualifications package for practitioners in not-for-profit organisations to equip their learners and clients with money management skills and a team-based competition for young people: the Money for Life Challenge.

Qualifications package for young people's mentors

The Money for Life qualifications programme provides accredited, fully-funded training to enable organisations to embed money management skills at a local level. It comprises:

- Teach Me:** an online series of topics designed to improve knowledge of money management. The resources are free to access and open to all and include the following topics; financial exclusion, planning and budgeting, banking, debt, insurance, universal credit, advice vs. guidance and the adult financial capability framework. There is also the opportunity to gain an OCN (level 3) qualification by completing a series of assignments based on a number of core topics. Those working or volunteering for a non-profit organisation or in the further education sector can apply for a fully funded place to take this qualification.
- Teach Others:** a two-day course that enables those working in non-teaching positions within further education, outreach centres and key agencies in the community to be able to teach others financial capability
- Money Mentors:** for those working one-to-one with young people. Candidates gain a Peers Mentoring Skills (Open College Network - Level 2) qualification.

Money for Life Challenge

The Money for Life Challenge is a national competition that provides small grants to empower teams of 16-24 year olds to develop innovative money management projects that impact their communities.

The goal of the Challenge is to find the most successful and innovative projects young learners can use to improve their money management skills and those of their friends, families and communities.

The Challenge is now in its fourth year and has grown each year, with Wales really embracing the Challenge³ and attracting proportionately more grants than the other UK nations. From an initial 40 grants that were available in 2011 in Wales, the Challenge is set to double this year, with 80 grants available.

These teams will have the task of developing their money management ideas to competition level by the end of February 2015. The best projects will be presenting at the Wales Final on 28 April 2015, and the Wales winner will then be invited to the UK Grand Final on 28 May 2015.

³ The team called "Don't Buy Posh Save your Dosh" from ACT Bridgend won first the Wales - and then the UK Grand Final 2012.

Legacy

The Money for Life Challenge is having a big impact on young people and their communities, with legacy grants available to winning teams across the UK to further develop their projects for lasting impact.

Barclays Money Skills

Barclays Money Skills aims to build the financial skills, knowledge and confidence of young people and other vulnerable groups in the UK to help them manage their money more effectively.

The programme is delivered in FE colleges by college tutors and Barclays volunteers through a week-long campaign of tutorials and interactive activities, and tackles topics such as budgeting, saving and spending, as well as providing practical guidance about where to get help and advice.

Barclays Money Skills is funded by Barclays and managed in Wales by ColegauCymru. All materials and resources are provided by Barclays and comprise a blend of tutorials and college wide activities.


The first Barclays Money Skills Week took place in March 2011. By 2012, 117 FE colleges across the UK held Barclays Money Skills Weeks, with 11 FE colleges in Wales participating in 2014.


Wider impact of ColegauCymru's work on Financial Capability

ColegauCymru is sharing our expertise with a number of relevant agencies and committees on financial capability. Examples include:

- The Welsh Government's Financial Inclusion Unit
- Further developing the toolkit of resources available through both the Lloyds Banking Group and Barclays Bank programmes
- The Mid, South and West Wales Financial Capability Forum
- The Money Advice Service Wales Forum
- The UK's Money Advice Service Children & Young People Working Group.

Further Information

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