

financial literacy

Evaluation of the Basic Skills Agency's Financial Literacy Project

Executive Summary

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...taking forward the work of...



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Introduction

The Financial Services Authority (FSA) is leading a national strategy to improve the United Kingdom's financial capability (FSA, 2006). The strategy recognises that there is a need for Financial Literacy education across all areas of society, from children in school to mature adults in all walks of life. In order to meet this need and to be effective, courses in Financial Literacy need to be flexible, overarching and comprehensive in the range of topics on offer, and relevant to the learner's needs, however varied these may be.

Against this background, the Basic Skills Agency was given responsibility for overseeing the implementation of the Financial Literacy Project on behalf of the Department for Education and Skills. The project aimed to develop literacy and numeracy within a Financial Literacy context, as part of the national Skills for Life strategy for improving adult literacy and numeracy skills in England. Overall, the project's brief was to:

- analyse gaps in provision and resources
- develop materials and guidance, resulting in replicable 'models' of delivery, and
- support and build upon appropriate projects being taken forward within the FSA's National Strategy for Financial Capability.

The Basic Skills Agency's Financial Literacy research and development projects that resulted ran from October 2005 to December 2006. They were based in six different settings: offenders' institutions, including those for young offenders; schools; FE colleges focusing on vocational approaches; the workplace, including trade union settings; Sure Start and Children's Centres; and community and voluntary settings or extended schools. The development projects

were diverse not only in terms of settings but also in terms of their organisation and geographical location within England.

King's College London was commissioned to evaluate the Basic Skills Agency's Financial Literacy Project. The evaluation addressed three key research questions:

- How does Financial Literacy engage learners in basic skills?
- How does engagement in Financial Literacy help raise awareness of basic skills levels?
- What is the potential for embedding basic skills in Financial Literacy provision?

The findings of the report are based on a survey of 50 practitioners who attended the BSA Financial Literacy and Money Talk workshops across England, a random sample of Skills for Life practitioners in literacy, numeracy and English for Speakers of Other Languages (ESOL), in-depth interviews with six basic skills practitioners and interviews with members of staff and learners from the six development projects.

Survey of participants who attended the Basic Skills Agency's Financial Literacy workshops

Participants who had been on Financial Literacy courses were satisfied with the training, although relatively few went on to deliver Financial Literacy courses to others.

learners working from Entry Level to Level 2 in literacy, numeracy, ESOL, E2E (Entry to Employment) and an induction course, across a broad age range (14- to 60-year-olds).

A sample of 50 participants, approximately 10 per cent of the total number who attended either a Financial Literacy or Money Talk workshop, was surveyed. Course participants came from a variety of institutions and their employment status varied.

Half the participants had attended a course to use or evaluate the materials or had an interest in learning more about the subject. Over three-quarters had found the course 'useful' or 'very useful', and 40 per cent could not suggest any improvements. Half the participants said they had learned about the resources and how to use the materials. However, only eight participants said that they had learned about the content of the Adult Financial Capability framework, including the qualifications and accreditation.

While fewer than 30 per cent of participants had used the materials in their teaching, a further 14 per cent, who were not directly involved in teaching basic skills, had passed the materials on to colleagues to use.

One-fifth of participants gave details of the programmes they had used in their teaching. Overall, their evaluation of the resources was positive.

Money Talk was used most frequently by seven participants. The majority of courses these teachers taught were embedded and taught to

Skills for Life practitioners' experience of teaching Financial Literacy

Very few Skills for Life practitioners had experience of teaching Financial Literacy. While teachers were aware of the benefits for learners, they were also aware of the difficulties.

Interviews were carried out with a random sample of 30 *Skills for Life* practitioners in literacy, numeracy and ESOL. Of these, only five said that they had some experience of teaching Financial Literacy.

One numeracy teacher said she had taught 'bits and pieces here and there'. She was uncertain, however, whether Financial Literacy should be taught by a literacy or a numeracy teacher. She had attended a Financial Literacy course some two years earlier, which had inspired her to think that she could, with the support of outside institutions, set up and run one herself. However, despite her best efforts, it came to nothing.

One basic skills teacher had taught a 'money management' class, which had focused on practical aspects such as money skills and developing learners' confidence in this area, rather than teaching more formal aspects such as banking. She believed that the course had achieved what it was supposed to achieve, as it had covered areas that the learners had wanted to learn about.

A second basic skills teacher had taught a 'minute bit' of Financial Literacy to learners on a vocational retail course. This had covered specific areas such as taxation, writing cheques and paying bills. She was not aware of any other Financial Literacy tuition in other areas of her college.

Another teacher, who taught ESOL learners, had just started teaching an Introduction to Business Studies course to two groups of these learners on vocational courses, one at Entry Level 3, the other at Level 1. She had not received any formal training but because of her background as an accountant, the college thought that she was the most suitable person to teach the subject.

A second ESOL teacher had taught a group of Pakistani women about financial matters whenever the topic came up and it seemed appropriate.

The other 25 teachers had taught no Financial Literacy courses. Of these, half had some knowledge of aspects of financial education, including:

- three teachers who had received some training in Financial Literacy
- other teachers who were aware that some Financial Literacy was being taught within their organisation.

In-depth interviews were also carried out with six basic skills teachers in colleges across England.

Five had not been involved in developing or delivering any Financial Literacy courses. Of these, two said that they had tried to set up a course in the past but it had not taken off. A third was planning to run a six-week course in the near future with parents from local schools in a less affluent area of the borough. She was hoping to attract nine to ten parents but was aware that recruitment might be a problem.

The sixth teacher had been involved with two projects (both stand-alone courses) in conjunction with the Citizens Advice Bureau (CAB). The first

course focused on issues around welfare benefits and budgeting, although, being on low incomes, learners were very good at budgeting and knew about their entitlement to benefits. Even so, the course was believed to have been successful. A second, 'drop in' course, which was attended by only two people, was a 'complete flop'.

Of the six teachers, two were very positive about teaching Financial Literacy to adults:

'I think it's very important. A lot of parents are in need and want some help with financial things such as tax credits and that sort of thing and how that operates.'

The need was not necessarily restricted to people on low incomes, as those who were affluent might also have difficulty managing their money. It was recognised, however, that it might be difficult to attract people to Financial Literacy classes.

The other four teachers were more sceptical. They felt that:

- teachers needed to be aware of the risk of 'breaking financial regulations' and should be wary of seeming to give learners advice that might not be well-founded or might be misleading
- teaching learners about Financial Literacy could be quite 'patronising'
- learners on low incomes managed quite well – because they had to
- Financial Literacy was as much about literacy as numeracy: '[it's] about reading the small print and understanding what it meant'
- learners might '... resent people managing [their] money'.

The experiences of Financial Literacy development project co-ordinators, personnel and learners

The development projects, which were delivered in a range of settings across England, were judged to be successful by course providers and learners.

The six Financial Literacy development projects designed courses and materials for use with very different groups of learners in different settings.

Recruitment of learners was easier where learners were located on one or two sites, be it an FE college, a prison or the workplace. Recruitment was more problematic when potential learners were distributed across a number of different settings.

Learners' needs were identified in a number of ways, including a questionnaire survey, focus groups and face-to-face contact with different groups. The content of courses was tailored to meet the perceived needs of the potential client group. The courses were generally described as being well received and learners were thought to have been mainly positive about their value. They were almost all stand-alone, although in the FE college courses were designed to be embedded into one or two vocational courses.

None of the courses was accredited and none led to any formal qualification in Financial Literacy. However, some learners, from two courses, went on to take national tests in literacy. One project, organised by the CAB, planned to apply for accreditation for its course in the future.

For two organisations, the further development and provision of Financial Literacy courses and materials were seen to be dependent on future funding. However, three organisations believed

that there was scope for development work in the future. This was particularly strong in the case of the CAB-run project, which had a history of delivering Financial Literacy courses in the community and had plans to develop more courses for prisoners (their target audience), ex-offenders and their families.

Learners said that learning how to manage money, how to budget and how to deal with debt were the most useful things that they had learned. These were the things that they believed people in society should learn about, as debt was perceived to be a problem for many, not only those on low incomes. Nearly all the learners agreed that the courses they had attended had been very useful and informative.

Evaluation of the six Basic Skills Agency Financial Literacy development projects

The development projects identified a number of key issues that need to be taken into consideration when designing and delivering Financial Literacy education programmes.

Three of the development projects commissioned their own external evaluations. These evaluations were all positive about the various projects' achievements. However, it was clear from the evaluation reported here that:

- recruitment of learners was sometimes difficult for projects working with groups in the community
- accreditation was only possible through taking national tests and these were not felt to be entirely appropriate, as they did not cover Financial Literacy *per se*.

Overall, the development projects were not able to meet all their original design specifications. This may well be because some projects were over-ambitious as to what they could realistically achieve; in particular, attempting to develop courses and materials in a relatively new area of provision in the time available.

Given the design brief, which was to target diverse groups of learners in different settings, a number of key issues have been identified.

- Organisations need time to set up Financial Literacy programmes and for networking and capacity building.
- Courses are more effective if concentrated on a local area or focused on established groups of learners.

- Face-to-face recruitment is best (related to both of the above points).
- Courses need to be tailored to meet the particular needs of client groups.
- On vocational courses, Financial Literacy is a good way to deliver key skills.
- There is a need for Financial Literacy training within the employed workforce.

Evidence from the development projects indicates that there may be a need for Financial Literacy education to be developed across all sections of society. Link into Learning (the organisation that targeted learners in the workplace) identified a real demand for such courses in the sites it was working with.

It was noted that funding from the Basic Skills Agency for these projects meant that some had been able to run courses with fewer than eight learners. Such low numbers would not have been possible if they had been relying on funding from the Learning and Skills Council (LSC). Sustainability of provision was, therefore, an important issue.

Conclusions

How does Financial Literacy engage learners in basic skills?

Overall, the six Financial Literacy development projects were successful in achieving their aims, indicating that Financial Literacy can and does engage learners in basic skills. Flexibility was the key to success. No one model emerged as a favourite: beyond their shared focus on Financial Literacy, the projects varied greatly in form, methods and duration, groups of learners, qualifications and experience of teachers and forms of organisation. The strength of the projects lay in their ability to develop flexible, modular programmes that were successfully adapted by the teachers to meet the particular needs of specified groups of learners. The modular approach allowed learners to study in 'bite-sized chunks', building up to a greater duration of study. This seems a sensible and effective way forward, rather than insisting on a common pattern of study over a longer period, at a point where learners may be reluctant to commit themselves.

The success of the projects was also dependent, to a large extent, on the co-operation of and support from others, beyond the teachers and managers directly responsible. In the case of the prison, these were the 'Insiders',¹ in the case of the FE college, they were the vocational subject teachers and, in the case of the workplace, the employers and the trade union learning representatives (ULRs).

Recruitment was identified as a key issue in the development projects and confirmed in interviews with the basic skills teachers. It was found to be easier to recruit learners in settings where there was a well-defined learner population. Working with established groups with

which an organisation had previously worked was found to be effective, as was face-to-face recruitment. Recruiting learners from disparate groups in community settings was more difficult. As funded projects, they also had resources to develop materials, in some cases using video and ICT, to support their work. Where necessary, they were also able to work with smaller groups than would have been viable using LSC funding.

Policy makers and managers need to support Financial Literacy courses that are flexible and tailored to meet the needs of diverse groups or individuals of all ages in a range of different settings. It should be noted that numbers on Financial Literacy courses may need to be smaller than on LSC-funded courses, generally because of the sensitive nature of the content and the fact that this is a new and not yet established area of work.

Link into Learning, delivering courses in the workplace, kept numbers of learners small, partly for educational reasons and partly to minimise the effect on the workplace. However, it was clear that demand for Financial Literacy education within the workplace was considerable, outstripping supply to the extent that there was a waiting list of 60 learners.

The projects identified a number of important facts to be borne in mind when planning and delivering Financial Literacy courses, both unexpected and more predictable. Some of these arose from working with learners in a specified organisational setting, such as a prison, an FE college or a workplace. Others related to working with diverse groups of learners within community settings. The following observations were made by those working in the development projects.

¹ The 'Insider' scheme is a joint initiative between Liverpool prison and North Liverpool CAB to train and support a small number of prisoners to offer advice and support to their peers.

Groundwork Coventry and Warwickshire

- Having basic skills needs does not automatically mean that an individual has Financial Literacy needs.
- Organisations need sufficient time to set up Financial Literacy programmes and should not try to do too much in a course.
- Assessment is important to identify the level of need at which to pitch teaching.
- It is worth spending time tailoring a course to suit the needs of participants, as this helps with motivation and retention.
- Face-to-face recruitment is best.

York College

- The Start Your Own Business course that York College developed opened up aspects of Financial Literacy not envisaged in the Adult Financial Capability Framework. These included: buying a business; going freelance; the cost of marketing and promotions; keeping a cash book; handling receipts and purchases; break even and profit; cash flow; and employing other staff.
- Financial Literacy education has potential as a vehicle for delivering key skills in a) vocational areas and b) courses on working for oneself that are interesting and relevant to learners and that fall alongside vocational courses.

Link into Learning, Cornwall Education Service

- Many more local employees would benefit from Financial Literacy courses.
- ULRs were keen to do the course themselves.
- The course opened the project up to learners

whom Link into Learning had not been able to reach previously; trade unions were the key link.

- There was a need for follow-up programmes. Sixty people were waiting to do similar courses in the Land Registry, Plymouth.

Newcastle Family Learning Services

- The project was effective in meeting the Every Child Matters (ECM) agenda, and there was positive feedback on how the project strengthened ECM outcomes.²
- The 'Pots of Gold' Family Finance Research Project combines literacy and numeracy in a contextualised programme.
- Because of Basic Skills Agency funding, Newcastle Family Learning Services was able to maintain groups with lower numbers than the usual Family Learning minimum of eight.
- The issue of sustainability was raised: how to balance courses requested against the challenge of recruiting a viable number of learners.

One Parent Families (OPF)

- A longer lead-in time is needed for networking and capacity building.
- It was better to concentrate on a very local area because people are sometimes reluctant to travel for training.
- OPF trained as many of its own trainers and staff as possible and worked with training providers in order to build the capacity to sustain Financial Literacy training within the organisation.
- OPF began work on a project in partnership with Eccles College to embed Financial Literacy into existing basic skills programmes.

² Every Child Matters is the Government's approach to the well-being of children and young people from birth to age 19: www.everychildmatters.gov.uk/

Liverpool CAB

- Successful continuation funding for two years will allow Liverpool CAB to develop course materials and the project, gain formal accreditation for the course and deliver it in another prison.
- The *Money Matters* course map provides a comprehensive guide for teachers, mapped on to the *Skills for Life* literacy and numeracy curriculum frameworks.

Groundwork Coventry and Warwickshire Trust

- Work has continued on:
 - developing resources to embed basic *Skills for Life* and Financial Literacy opportunities and
 - embedding literacy, numeracy and Financial Literacy skills within the delivery of projects.
- There are constraints on the development of the small class model (i.e. with fewer than eight learners) because these are not funded by the LSC.

How does engagement in Financial Literacy help to raise basic skills levels?

There is some evidence from the projects that engagement in Financial Literacy has helped to raise basic skills levels, for example, with a number of learners going on to complete national tests. However, a more detailed longitudinal study would be required in order to establish this.

Lack of appropriate accreditation was identified as an important issue. When accreditation was sought it had to be through national tests or other existing qualifications not specifically on Financial Literacy. Only one project, developed by the CAB, had plans to seek formal accreditation in Financial Literacy in the future

(at Entry Level 3, through the National Open College Network). Financial Literacy courses need to be 'legitimised' and accredited in their own right and funding arrangements need to support this. At present, there is no incentive for providers to develop Financial Literacy provision that is accredited other than through the national tests (which do not test Financial Literacy *per se*). Accreditation needs to be flexible in order to cater for the varied educational needs of learners. It is clear from the experience of these projects that accreditation needs to be focused on Financial Literacy and be as flexible as the courses being delivered.

It is also clear that Financial Literacy is as much about understanding and engaging with information in terms of literacy, as it is about understanding the numeracy involved. While the term 'Financial Literacy' is often associated with numeracy, it is just as much to do with reading, writing and understanding written information. This view was reiterated in those development projects where achievements in national tests were in literacy, not numeracy.

What is the potential for embedding basic skills in Financial Literacy provision?

The potential for embedding basic skills in Financial Literacy provision would appear to be considerable, where courses are geared to the needs and interests of particular groups of learners. The projects identified a number of points to be borne in mind when planning and delivering Financial Literacy courses. Some of these were geared to working with learners in a specified organisational setting, while others related to working with diverse groups of learners across a number of different settings.

There would appear to be plenty of scope for embedding basic skills in Financial Literacy provision and for embedding Financial Literacy in basic skills (*Skills for Life*) provision. Interviews with basic skills teachers not involved in the Basic Skills Agency's project indicated that it is probable that very little teaching of Financial Literacy is currently taking place in embedded or discrete *Skills for Life* provision.

There is a clear need for accredited training and professional development in Financial Literacy for *Skills for Life* teachers. However, providing training opportunities for teachers in Financial Literacy does not mean that they will all necessarily go on to teach it: less than one-third of the teachers contacted who had been on a training course went on to deliver Financial Literacy courses. Further research is required to investigate the reasons for this apparent 'drop out' from (or failure to take up, once trained) Financial Literacy education by teachers.

This project has demonstrated that where teachers and managers are able to respond creatively to the challenge of designing and marketing Financial Literacy provision geared to learners' needs and interests and mindful of their need for privacy in financial matters, adults do take advantage of the opportunity to learn. The project also shows that we have a long way to go before Financial Literacy becomes a mainstream part of *Skills for Life* and that we need to know a great deal more about the barriers to and ways forward for the development of Financial Literacy provision for adult *Skills for Life* learners.

Reference

FSA (2006) *Financial Capability in the UK: Delivering change*, Financial Services Authority, London.

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