



Grove House  
Lutyens Close  
Basingstoke  
Hampshire RG24 8AG

Tel: 01256 338420

Fax: 01256 316599

Email: [kb@education-solutions.co.uk](mailto:kb@education-solutions.co.uk)

26 April 2006

Thoresen Review of Generic Financial Advice  
Savings and Investment Team  
HM Treasury  
1 Horse Guards Road  
London  
SW1A 2HQ

Dear Sir,

Education Solutions Direct Ltd is a consultancy company that has a specialism in the development of financial capability. The FSA is one of our clients and we are providing services to them in the development of their national strategy for financial capability.

We welcome the government's intentions in respect of generic financial advice and would like to offer a few comments in support of the Call for Evidence document. In particular we would like to make comments in respect of the target market and organisations that might be used to deliver generic advice.

It seems to us there will be an argument that one section of young adults who might benefit from generic advice are those who are at school and that schools might be used directly or indirectly as agents in the delivery of generic advice. Whilst it may appear to be a sensible approach, we are not convinced this would be the best use of resources. There are two reasons for this.

Firstly, it seems to us that there is no consensus about the *intentions* of financial capability. That is to say, what use *should* financial capability be put when packaged into a national initiative. Currently we can see, amongst others, the following intentions:

- to help consumers have improved functional financial skills to make better financial decisions within the financial products market – the finance industry intention
- to be part of the development of a range of skills and qualities that prepare a young person for adult life – the educational intention
- to help promote and deliver on public policy positions - such as increasing the number of adults having a personal pension to improve their quality of life in old age and reduce the cost of support provided through public expenditure – a government public policy intention

Whilst each of these are legitimate in their own right, our concern is whether it is desirable or possible, and if so how, to bring these intentions together into a coherent understanding of what is to be done by the various participating actors if all are brought together to deliver a national strategy on generic advice..

Research we undertook with Brunel University behalf of the FSA, looking at the professional development of teachers, illuminated the scepticism of teachers towards the finance sector. In particular, many teachers had considerable reservations about what they saw as questionable practices on the supply side of financial services. If schools are to be used as part of the infrastructure for the provision of generic advice, what becomes critical is the attitude of teachers, acting as gatekeepers, towards the inclusion of financial capability within the curriculum and how it is interpreted and delivered.

In our view the signs are not good for an efficient combination of intentions resulting in a consensus of purpose. On current evidence, what may happen is hesitation, if not resistance, to any meaningful delivery of generic financial advice as part of the development of financial capability across secondary schools.

Our second concern is whether schools are an effective mechanism to impact upon the financial behaviour of young people. Our experience suggests that for many young people, particularly those who are most disadvantaged, schools are not particularly effective in this respect.

Our experience suggests that young people's financial attitudes are linked to those of their family and peers. Further, for many young people, the familial culture is stronger than that of the school such that schools are, for so many of the young people we might wish to influence, quite impotent in changing their behaviour in a significant way.

It seems to us that without family and local community involvement, the potency of schools to change young people's behaviour is very limited. Current work on financial capability in schools has virtually no formal involvement of families. If there is an argument that the most vulnerable in our society are in most need of support to enable them to raise their financial capability, then it is this very group that schools seem so challenged in their attempts to change the attitudes and behaviour displayed. A question thus arises of whether it is possible for schools to make any major impact on the financial actions of young people through current methodology within the existing and proposed revised curriculum framework if families are not brought into the activity.

We lean towards a negative answer to this question.

We believe, for vulnerable groups, a more effective mechanism will be one that is focused upon locations where families are involved. Sure Start and its local infrastructures seem, on the face of it, a more likely route to the family based discussion and inclusive engagement towards developing desired skills. The Child Trust Fund provides a legitimate opening for the work albeit that there would be a need for an infrastructure of support for Sure Start workers. At least in this situation there is unlikely to be a cultural problem about the principle of working with families on these issues as there is in many secondary schools.

In addition, the use of community based organisations that can address specifics of economic, social and religious culture are more likely to be effective in having impact than the use of formal school infrastructure. In our view the returns to the government for its future investment in this area seem likely to be improved if a family and community focused process is developed. The probability of this being developed through the secondary school system seems low to us and, as a consequence, the return to the government for its investment may also be low. However, there is an opportunity for the government to consider alternative mechanisms targeted at young people and we would want to encourage the government to do so.

Kind regards,

Dr. Ken Brown  
Managing Director