



All Party Parliamentary Group on Financial Education for Young People launches inquiry into children in care and financial education

Understanding how to manage money is a key skill that is necessary for all aspects of adult life. Financial education allows individuals to make informed decisions on a day-to-day basis – from budgeting the monthly expenses to building up a savings pot. It helps young people build that necessary confidence to plan for their futures as well as developing a sense of resilience around any unexpected financial ‘shocks’ in life. Technological changes bring opportunities but also further challenges, with children becoming a growing target for fraudsters as financial transactions move increasingly online. They are seen both as a direct target to defraud as well as a group who can easily be manipulated to act as ‘money mules’ and help transfer money acquired illegally.

These concerns are of particular importance for children in care who often face even greater challenges when they leave care. Research suggests that people who have their family to help them prepare for adult life are less likely to fall into debt or financial difficulty than those without this support network¹. Care leavers often reach financial independence at a younger age and with less support than their peers, and there are some indications they are at greater risk of lower financial capability - looked after children aged 7–17 are less likely than their peers to be able to explain choices made when spending money, and at age 16–17, they are more likely to score worse on measures of money management like managing a day-to-day budget or allowance, and understanding choices have to be made when spending.²

Effective education and support in this area are paramount to helping empower these young people to lead independent lives and successful careers once they leave care.

In our previous report, we established the importance of improving the scope and quality of financial education in schools³. We now intend to launch a follow-up inquiry into the financial education of children in care, to help address the specific issues they face in accessing financial education.

Remit and Questions

Our inquiry will consider what measures are currently being undertaken to support children in care with their financial education and what can be done to better support this group of vulnerable young people

¹The Children’s Society (2016) *The cost of being care free: The impact of poor financial education and removal of support on care leavers*. Available at: https://www.childrenssociety.org.uk/sites/default/files/pcr073_care-leavers-financial-exclusion-final.pdf

² https://masassets.blob.core.windows.net/cms/files/000/000/962/original/CYP_Needs_Analysis_final.PDF

³ All Party Parliamentary Group on Financial Education for Young people (2016) *Financial Education in Schools: Two Years On – Job Done?* Available at: <https://www.young-money.org.uk/appg-financial-education-young-people>



in forming positive financial habits. This issue is particularly urgent as the first cohort of children in care will soon be able to access their Child Trust Fund savings, which was provided by Government between 2002 and 2011.

We are particularly interested in evidence relating to the following:

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

How to respond and next steps

The APPG is keen to hear from local authorities, care providers, charities, academics, care leavers, foster carers, schools and other organisations involved in this space.

The deadline for the submission of written evidence is 31st January 2019 and we plan to hold a number of oral evidence sessions in the first quarter of 2019, before publishing an inquiry report.

You can respond to the inquiry by sending a word document of views to the APPG secretariat:

appg@y-e.org.uk

For administrative planning purposes, please do email the Secretariat if you intend to contribute to this inquiry.

Oral evidence sessions in Parliament providing evidence in person to MPs around the inquiry will take place during Q1 2019 after the consultation deadline.