Response to the All Party Parliamentary Group (APPG) on Financial Education for Young People's inquiry into children in care and financial education.

January 2019

The opportunity to contribute to the APPG's inquiry, to help identify and address specific issues faced by children and young people with care experience in accessing financial education, is welcomed. The inquiry is timely, given the first cohort of care experienced young people entitled to Child Trust Fund savings will reach the age at which they are eligible to receive the savings in September 2019. In addition to ensuring the provision of financial education to children and young people with care experience, there is a need to ensure these children and young people, and their corporate parents, have full knowledge of their financial entitlements and are clear about the processes through which to access them.

In Scotland, there are approximately 15,000 looked after children, and 5,500 young people who are eligible for aftercare.[1] These individuals all have care experience. Children and young people with care experience are not a homogenous group, rather they are individuals with their own strengths and needs, living in a variety of different circumstances. In Scotland, 35% of looked after children live with foster carers, and 10% live in residential care settings. More than half of Scotland's looked after children live with close or extended family, with 28% living in formal kinship care arrangements with friends or family, and 25% living at home with their birth parent(s), with compulsory social work supervision. Whilst each of their lives is unique, all children and young people with care experience have encountered difficulties in their lives, and a significant number have experienced multiple, serious adversities which have a detrimental impact on their development, their opportunities, and their life chances. A 2016 Joseph Rowntree Foundation evidence review found that being a looked after child can have a sustained impact on a number of socio-economic outcomes (including lower socio-economic status, reduced educational attainment, homelessness and unemployment).[2]

In addition to their pre-care and early life experiences, some children and young people's in-care experiences (such as placement disruption) may further

[1] Scottish Government (2018). *Children's Social Work Statistics Scotland 2016/17*. Edinburgh: Scottish Government.
[2] Bywaters, P, et al., (2016) *The relationship between poverty, child abuse and neglect: an evidence review*, York: Joseph Rowntree Foundation. Pg.3

exacerbate the challenges they face. Despite their vulnerabilities, when young people leave care, they tend to do so at an earlier age and with fewer supports than the general population. Too often, this leaves care experienced young people trying to cope in unrealistic situations, and at a particular risk of poverty.[3] As corporate parents, all agencies of the state have a responsibility to ensure improvements are made so this is no longer the case.

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

Improving care experienced children and young people's financial education and reducing their financial vulnerability depends on addressing a number of challenges, namely:

- Ensuring caregivers support children and young people to develop positive financial habits from as early in life as possible, within the context of their day-to-day lives. Research suggests positive habits can be formed with children from as young as seven.[4] Consistent and developmentally appropriate exposure, in a normalised way, to the skills, conversations, and experiences necessary to build an understanding of money, budgets, and savings, and develop confidence in managing the associated risks and responsibilities, should be a part of each child and young person's ongoing care. To provide this, caregivers themselves require the necessary knowledge and skills, and access to support where this is required.
- Ensuring care experienced children and young people have access to a high quality education in the broadest sense (see question 3).
- Ensuring young people do not leave care before they are ready to manage the complexities and challenges of more independent living, be they financial, practical or emotional (see question 2).

2. Are there specific stages/aspects of the transition to adult life during which young people in care are particularly vulnerable to financial harm?

Despite developments in policy and practice to enable positive transitions for young people leaving care, for many this continues to be a time of acute vulnerability. Those leaving care at a young age, without adequate preparation, and with limited emotional and practical support, are particularly vulnerable.[5]

In Scotland, the average age for leaving care is 17, while the average age for leaving home is 26.[6] At a time in history where young people in the general population are dependent on their families for emotional, financial and practical support for longer, young people leaving care (who are often acutely vulnerable)

[3] Eisenstadt, N. (2017) *The Life Chances of Young People in Scotland*. Edinburgh: Scottish Government
[4] Ayre, D et al (2016) *The cost of being care free: The impact of poor financial education and removal of support on care leavers*. London: The Children's Society.
[5] Scottish Care Leavers Covenant (2015) http://www.scottishcareleaverscovenant.org/covenant/
[6] CELCIS (2015) *Housing Options and Care Leavers: Improving Outcomes into Adulthood* Glasgow: CELCIS

are expected to cope with the financial demands and complexities of independent living at a much younger age.[7] Care leavers experience significant and disproportionate financial vulnerability, and many do not have the same safety net of reliable family support that other individuals may have.[8] Financial worries are clearly articulated by young people leaving care, and noted as a trigger for mental health challenges for some. Managing living on a low income and coping with the stress and pressure of financial responsibilities are areas young people would like more help with.[9] Young people leaving care often experience sudden and stark transitions, from having little financial responsibility, to navigating a range of complex systems and requirements (including rent, utilities, food, clothing, household supplies, and transport costs) in a matter of days. Managing this challenge requires confidence, experience, preparation and skill, all of which must be in place before a young person leaves care.

Whilst the responsibility to provide financial education must be recognised in the context of the child or young person's whole care experience (i.e. as part of ongoing day-to-day care, rather than solely a throughcare and aftercare responsibility), young people making the transition from care to more independent living are likely to need particularly intense support with financial matters. Evidence from England and Wales suggests this is not always available to care leavers,[10] and whilst studies into the provision of throughcare and aftercare services in Scotland acknowledge the importance of financial assistance and support, the quality and consistency of this nationally is not clear.[11] The practitioners supporting young people in their preparations to leave care and during their transition must have the required knowledge and skills to support young people to a high standard in this area.

The range of issues and circumstances in which care experienced young people may find themselves financially vulnerable are as varied and unique as the young people themselves. In addition to the general matters discussed, two particular issues are noteworthy:

- Care experienced young people in receipt of universal credit and responsible for paying their own rent may be particularly vulnerable to accruing high levels of debt. Young people living independently for the first time may not have the confidence, experience and necessary skills to budget potentially large sums of money to ensure their rent is paid.[12]

[7] Stein, M (2005) Resilience and Young People Leaving Care: Overcoming the odds. Joseph Rowntree Foundation
[8] Ayre, D et al (2016) *The cost of being care free: The impact of poor financial education and removal of support on care leavers.* London: The Children's Society.
[9] Baker, C. (2017) *Care leavers' views on their transition to adulthood: A rapid review of the evidence.* Coram Voice
[10] Ayre, D et al (2016) *The cost of being care free: The impact of poor financial education and removal of support on care leavers.* London: The Children's Society.
[11] Stein, M., & Dixon, J. (2006) Young people leaving care in Scotland. *European Journal of Social Work*, 9(4), 407-423; McGhee, K. et al (2014) *Throughcare and Aftercare Services in Scotland's Local Authorities: A National Study*. Glasgow: CELCIS
[12] Scottish Government (2013) Housing Options Protocols for Care Leavers: Guidance for Corporate Parents http://www.scotland.gov.uk/Resource/0043/00435939.pdf

Arrangements which enable rent payments to be made directly to landlords can be beneficial to young people initially, to ensure their tenancy is maintained while they are supported to develop their confidence and skills in budgeting, until such a time as they feel ready to administer the payments.

- Young people with additional needs may be entitled to higher rates of welfare benefits, and some care experienced young people in this position report feeling or experiencing financial vulnerability and exploitation from peers and other networks.[13] Particular attention should be paid to meeting the needs of these young people.

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?

Financial education must be integrated into care experienced children and young people's day-to-day care from an early age, rather than being seen as an 'add-on', or the responsibility of aftercare services. This said, there is a clear role for schools in providing financial education, and this is a recognised part of the Personal and Social Education and Health and Wellbeing curricula in Scotland's schools.[14] However, in considering improvements to care experienced children and young people's access to financial education in school, it is necessary to think more broadly about their access to education. For example, it is not possible to provide financial education without ensuring children have the necessary literacy and numeracy skills on which to build and make sense of more specialised information.

Educational outcome indicators show that the gap between looked after children's attainment and achievement in school, and that of all children, is unacceptably large.[15] In Scotland, looked after children are more likely to leave school at the earliest opportunity (72% leave school aged 16 or under, compared to 28% of all pupils); and, taken as a whole group, obtain lower qualifications than all school leavers. Children who are looked after 'at home' (those who continue to live with their birth parent(s) under compulsory social work supervision) experience some of the poorest outcomes, with 33% leaving school with no qualifications (compared to 2% of all children). Outcome indicators also give insight into the experiences of looked after children in school, for example, children who are looked after are excluded from school at a rate six times higher than the whole school population.[16] Without taking measures to ensure that education is inclusive and these disparities are eradicated, all aspects of the educational experiences of care experienced

[13] Baker, C. (2017) *Care leavers' views on their transition to adulthood: A rapid review of the evidence.* Coram Voice

[14] Education Scotland (2018) *Thematic inspection of personal and social education/health and wellbeing in Scotland's schools and early learning and childcare settings.* Livingston: Education Scotland

[15] Scottish Government (2018) *Education Outcomes for Looked After Children 2016/17*, Edinburgh: Scottish Government

[16] Scottish Government (2018) *Education Outcomes for Looked After Children 2016/17*, Edinburgh: Scottish Government

children will be compromised (including financial education). Paying particular attention to six key areas within schools is necessary in order to improve outcomes for care experienced children, namely: commitment to the role of Designated Manager; individualised planning for education; engagement with parents and carers; promoting an inclusive education; supporting teachers; and ensuring teachers and other staff have an understanding of attachment and resilience.[17] This is complex work, on which we would be delighted to provide more detail if useful to the inquiry.

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?

Children and young people in a range of care placements may experience particular challenges, we encourage a focus on improvements across all types of placement, rather than foster care alone. Research has consistently highlighted that children in kinship care families are disproportionally living in the poorest households across the United Kingdom.[18] These children and families may stand to benefit the most from support with financial education. In Scotland, outcomes for children and young people who are looked after at home are some of the poorest in society, and evidence has shown that support services provided are often limited and inconsistent, with service providers prioritising other groups of looked after children.[19] All care experienced children and young people are equally entitled to support and services from corporate parents, regardless of the type of placement they are living in.

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?

The importance of having a 'Designated Manager' in every educational establishment in Scotland is recognised as a way to provide children who are looked after with the additional support that they often need, and are legally entitled to.[20] This role involves leading the coordination of assessment, planning and support for children who are looked after, and their families, however concerns exist that the role is not fully or consistently implemented across Scotland.[21] This is already a complex role, and we would caution against the prioritisation of one specific aspect of the curriculum within this remit. Individualised planning to ensure inclusivity in access to the whole curriculum is required, rather than a focus on one area potentially at the expense of others.

[17] CELCIS (2015) *Looked After and Learning: Improving the learner journey of looked after children.* Glasgow: CELCIS

[18] Nandy, S, Selwyn, J, Farmer, E and Vaisey, P (2011) *Spotlight on kinship care: Using Census microdata to examine the extent and nature of kinship care in the UK at the turn of the Twentieth century*, Bristol: University of Bristol.

[19] Welch, V, Lerpiniere, J, Sadler, S & Young, E (2015), Overseen but Often Overlooked: Children and Young People 'Looked after at Home' in Scotland. Glasgow: CELCIS

[20] Education (Additional Support for Learning) (Scotland) Acts 2004 & 2009

[21] O'Neill, L et al (2017) *Designated Manager Survey: Summary findings*. Glasgow: CELCIS

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?
A range of courses and modules which focus on developing independent living skills, including financial education, are utilised across Scotland. However, we are not aware of any examples which have been robustly evaluated and evidenced to improve 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?
Further to the financial education required to appropriately manage their Child Trust Fund (CTF) savings, it is critically important that young people leaving care are made aware of these savings, and supported by their corporate parents to access them.

Child Trust Funds (CTF) are long-term tax-free savings and investment accounts for children. CTFs are a progressive asset-based policy, an important part of which is the provision of financial education for children and young people to encourage a savings culture. The CTF scheme was introduced for children born on or after 1st September 2002, and was replaced by a Junior ISA scheme in January 2011. For looked after children, who may otherwise miss out on this national savings scheme (because accounts are linked to Child Benefit claims, which looked after children often do not receive), the Share Foundation has run the CTF scheme since October 2017, on behalf of the Department for Education.

The Scottish Government received funding from the Department for Education for the distribution of the scheme in Scotland. Some looked after children in Scotland do receive Child Benefit (such as those looked after at home or in some formal kinship care arrangements), whereas others do not (those living in residential care, foster care, secure care and some formal kinship care arrangements). The local authority must provide information to the Share Foundation, who work with HM Revenue and Customs to identify whether the child has an account set up.

CTFs were opened with £250 from the Government, with further contributions made under some circumstances. Regular CTF valuations are sent to local authorities who can enable statements to be sent to children, young people and/or carers. The Share Foundation obtains independent advice about how the money should be invested.[22] A young person can take over the management of their CTF from age 16, and withdraw funds from age 18. Therefore, the first eligible group of young people are currently able to manage their CTF, and will become able to withdraw their savings in September 2020. If the savings are not

[22] Department for Education: Child Trust Fund/Junior ISA for looked after children – Information for young people reaching 16

withdrawn, the account automatically becomes an adult ISA. A programme of web-based financial education support is available for young people, carers and corporate parents through the Share Foundation, with an enhanced programme (Stepladder Plus) available in some local authorities where additional funding has been secured, which involves contributions to an individual's CTF on completion of each module.

Since assuming management of the scheme, the Share Foundation has been undertaking a reconciliation of CTFs to ensure all young people are correctly linked to their accounts. During 2018, the proportion of fully reconciled CTFs increased from less than 25% to over 80%. The Share Foundation are addressing this as a priority issue and identify three reasons for unreconciled records:

- No initial information provided by local authorities to show which children in their care should have a CTF (one Scottish local authority is in this position)
- No breakdown of information showing children with no person in position of parental responsibility provided by local authorities (five Scottish local authorities are in this position)
- Awaiting information from HM Revenue and Customs about CTF account providers

According to information published by the Share Foundation, at 12 November 2018 there were a total of 5,257 CTF records in the Share Foundation database for looked after children in Scotland. [23] The Share Foundation only activate an account where it has been confirmed by the local authority that no one with parental responsibility for the child is suitable to be a trustee of the CTF. Therefore, it would not be expected that all 5,257 accounts would be active. Currently, 496 accounts are active (around 9%). It is concerning that in 1,351 cases across Scotland, it is not known whether or not a person with parental responsibilities is suitable to be the trustee for the child's account. Therefore these accounts cannot be activated by the Share Foundation. Most local authorities have provided information about some or all of the children they are responsible for, however six local authorities in Scotland have provided no information at all with which the Share Foundation can activate an account.

Within Scotland, significant variation in the provision of CTF across local authorities is evident. Whilst Glasgow City Council has 1,291 CTF records, City of Edinburgh Council has just 192.[24] This is the ninth highest number of CTFs for a Scottish local authority, despite Edinburgh having the second highest number of looked after children following Glasgow. Of Glasgow's CTF's, only 13 are active (i.e. the local authority has confirmed that there is no one suitable with parental responsibility to be trustee of the CTF therefore the Share Foundation can administer it), compared to 57 CTF for young people from Edinburgh.

[23] https://sharefound.org/ctf-reconciliation-status/
[24] See table 'SCOTLAND by local authority' - https://sharefound.org/ctf-reconciliation-status/

Given this variation, the extent to which Scottish local authorities, corporate parents, social workers, carers, and children and young people themselves are aware of and accessing their entitlements with consistency is a significant concern. More support, information and engagement with Scottish local authorities may be required to address this. Without knowing about children and young people's entitlements, or how to access them, Pathways planning cannot take these finances into account. Without the finances to which they are entitled, the extent to which children and young people can make use of their financial education remains limited.

About CELCIS

CELCIS is Scotland's centre of excellence for children's care and protection, based at the University of Strathclyde. We work to ensure the best international evidence is reflected in policy and practice, strengthening the skills and capacities of people who care for children and young people. CELCIS is part of the Institute for Inspiring Children's Futures, working together to build brighter futures for children in need of care and protection around the world.

Thank you for providing us with this opportunity to respond. We hope the feedback is helpful; we would be happy to discuss any aspect in further detail.

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