

# Front-line financial capability

A joint Citizens Advice/Financial Services Authority project



## Summary

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- Citizens Advice has formed a partnership with the Financial Services Authority (FSA) to pilot financial skills training to agencies working with young adults (aged 16-25).
- This is being supported by the FSA as one of their pilots within the remit of the young adults working group, to help them develop a national strategy for financial capability<sup>1</sup>.
- Through the pilot, three bureaux are working with a range of organisations such as Connexions services and supported housing providers.
- Training is being delivered to front-line practitioners so they can support their clients to develop the skills, knowledge and confidence to manage their money effectively.
- Practical topics are being covered such as basic banking, budgeting, credit options, accessing advice and benefits, utilities and getting started saving.
- The project started in February 2005 and will be concluded by October 2005. A report and training materials will be published in November 2005.



## Need for the project

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The FSA and Citizens Advice both recognise that many young adults can find it hard to make informed financial choices. Young adults at risk of exclusion, such as those leaving care or homeless, can find it especially hard to manage the financial aspects of life transitions.

Citizens Advice has evidence showing how easy it is for consumers, including young adults, to suffer detriment due to a lack of financial skills. In our report, *Summing up*<sup>2</sup>, we showed how a range of consumers are often poorly equipped to make choices in areas such as insurance, utilities, credit, debt and government benefits.

A CAB in Lancashire reported on a single young man who took out a loan of £500. He was not aware of the full terms of the agreement that included an APR equivalent rate of 90.6 per cent. He was also sold a payment protection policy costing £99 for 'Family Care' insurance that was unlikely to be of use to him.

Two thirds of bureaux that deliver financial skills programmes work with 16-25 year olds<sup>3</sup>. They deliver practical bespoke sessions in the community as trusted, independent agencies with expertise in money matters. There is increasing evidence that organisations working with young adults, across the community, housing and statutory sector also want basic training for their workers. They want to better support their clients in practical money management, such as how to open a bank account and budget effectively. Few bureaux provide such 'second tier' training and there is scope to develop models of best practice.

"The project aims to find out what financial skills training is wanted by young people's workers. Three local bureaux are piloting programmes with a range of front-line workers and agencies so that we can publish a full evaluation and develop training resources based on their experiences."

**Kate Taylor**

*National Financial Literacy Development Officer*

## Objectives

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- To pilot second tier training through working with at least 12 agencies from the community, statutory and housing sectors.
- To establish what models of training will achieve the best results, including what topics, levels and delivery mechanisms are needed by organisations working with young adults.
- To capture information about the impact and benefits of the training for practitioners and their organisations.
- To analyse the potential to develop a modular training programme, aimed at this audience, that can be delivered by Citizens Advice Bureaux.
- To generate training materials that can be used as a blueprint of good practice.
- To make recommendations about the potential to replicate this work.

## Delivery

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The training is being delivered to a range of workers who support young adults in the community, such as volunteers working for young parents' drop-ins or support workers in local housing associations. Most participants will not have a formal training remit with young people, but will touch on personal finance issues as part of a support role to help young people successfully manage key life stages.

The training they will receive is not designed to enable them to become financial skills trainers or money advisors. It will, however, improve their confidence to support people with money issues and 'signpost' them to other local agencies if they need extra assistance.

## Case study

### *Drug Intervention Programme, Oldham*

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Oldham CAB has delivered one of the pilot's first training sessions. The bureau has delivered an initial three-hour training session for volunteers who link up with young people affected by drug dependency. Katy Marshall, financial skills tutor describes the session and its purpose:

"Because programme clients often have complex and interrelated needs, volunteers will offer 'first steps' support in a number of areas. Volunteers have well-established relationships with their clients and are well placed to provide support on areas such as budgeting and opening a bank account. Our training sessions are about increasing their skills and confidence to work with clients and to know when and how to make effective referrals. Volunteers don't need or want to be financial experts or trainers but can make a real difference by equipping their clients with basic money management principles.

To make the first session really practical, we provided real life examples of the kind of bills that young adults will often need to prioritise, such as council tax or catalogues. We then prioritised them and discussed strategies for keeping out of debt through budgeting. We also provided copies of our bureau self help-guide for dealing with debt, which people found helpful to reinforce what we'd covered. We have another session already booked."

Training will be delivered flexibly according to the needs of organisations and their workers. For example, bureaux will deliver a mix of half-day, multi-agency skills conferences and programmes of bite sized, in-house training sessions.

Experienced bureau financial skills workers, who can call upon support within the CAB network, will deliver this training. Citizens Advice<sup>4</sup> provides bureaux with services such as a comprehensive electronic information system and support to financial skills projects through our national financial literacy project, Financial Skills for Life (FSfL). FSfL has been developed in partnership with Prudential plc and provides over 65 bureaux with a range of training, tools and opportunities to share best practice<sup>5</sup>.

## Management

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The pilot is being carried out under the FSA's young adults work stream for financial capability. Citizens Advice receives support from the young adults team at the FSA. We report on a monthly basis to the FSA led multi-agency working group for young adults, who are co-ordinating three other pilots and carrying out research.

A small multi-agency project steering group has been established to bring specific expertise and guidance to the pilot. Members include the FSA, Money Advice Association<sup>6</sup> and Youth Access<sup>7</sup>.

## Outcomes

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The project will ultimately help young adults improve their financial skills. It will also generate training products and learning that will be of use to a wide audience.

### We will:

- publish an evaluation report to share what we learn about the best ways to set up second tier training projects of this nature. We will report on the demand for this type of training, the models that work and the potential benefits for participating agencies and their workers. We will also make recommendations on the potential to replicate the work and next steps
- generate training materials based on best practice from the bureau pilots. These will be made available to not-for-profit organisations working to improve financial skills in their communities, such as credit unions.

## Other Citizens Advice service contributions

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Over 40 bureaux in England and Wales deliver face-to-face financial capability programmes to young adults outside school. They work directly with a range of young adults at risk of exclusion, such as those on probation or leaving care. They also link with education or training providers that deliver programmes to young adults.

Our national project, Financial Skills for Life<sup>5</sup>, developed in partnership with Prudential plc, is funding nine bureaux to pilot approaches to the effective delivery of financial literacy to adults. Two of the nine projects are specifically reaching young adults and all but one work with them as one of their learner groups. A full evaluation of these three-year projects will be undertaken by an external agency and published as part of a whole project report early in 2006.

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## References

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1. For more information on the work of the FSA and financial capability, go to [www.fsa.gov.uk/financial\\_capability/approach/resources.html](http://www.fsa.gov.uk/financial_capability/approach/resources.html)
2. *Summing up – bridging the financial literacy divide* Citizens Advice, November 2001. The report describes how consumers pay a high price for being ill informed and unconfident when it comes to making financial decisions. It also shows how some companies within the financial services sector are able to take advantage of consumers' lack of financial literacy to sell products and services that represent poor value. The report recommends changes to better inform, empower and protect consumers.
3. *Financial Literacy: a guide to activities in the CAB service* (April – Sept 2004).
4. All Citizens Advice Bureaux in England, Wales and Northern Ireland are members of Citizens Advice, the national charity that sets standards for advice and equal opportunities and supports bureaux with an information system, training and other services. Citizens Advice also co-ordinates social policy, media, publicity and parliamentary work and maintains an information and advice website at [www.adviceguide.org.uk](http://www.adviceguide.org.uk) (over 275,000 visits per month).
5. Financial Skills for Life is a three-year programme providing funding for nine Citizens Advice Bureaux to deliver personal finance education to adults on a range of issues including how to budget, saving, understanding credit and debt and financial planning. The programme is also providing capacity building support to over 65 bureaux and generating 'best practice' models.
6. For further information go to [www.themaa.org.uk](http://www.themaa.org.uk)
7. Youth Access is the national membership organisation for young people's information, advice, counselling and support services. For further information go to [www.youthaccess.org.uk](http://www.youthaccess.org.uk)

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