



BRIEFING PAPER

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Financial and enterprise education in schools

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Summary

This note provides an outline of current arrangements relating to financial and enterprise education in schools. It covers England only.

Financial literacy education became part of the National Curriculum for the first time in September 2014, as part of citizenship education in key stages 3 and 4 (ages 11-16). This required it to be taught in local authority maintained schools. Academies and free schools do not have to follow the National Curriculum.

In addition, the new mathematics curriculum is intended to ensure that young people leave school with an understanding of the skills needed for personal finance.

Enterprise education is not part of the National Curriculum. However, financial and enterprise education can also be taught as part of non-statutory Personal, Social, Health and Economic education (PSHE). Following a review of PSHE, the Coalition Government announced in March 2013 that it would remain a non-statutory subject and that no new programmes of study would be published. The Conservative Government has maintained the position that PSHE will not be made statutory. The PSHE Association, which was set up in 2006 with government funding to help raise the quality of PSHE teaching, has produced a revised programme of study for PSHE for pupils in key stages 1 to 4 (ages 5-16).

The note also provides information about previous reviews of the teaching of financial and enterprise education in schools, by Ofsted and others. Section three of the briefing gives further details of pressure to strengthen the position of financial and enterprise education in different parts of the curriculum. Section four briefly details developments under the previous Labour Government.

1. Current provision

1.1 The National Curriculum

On 20 January 2011, the Education Secretary announced a review of the whole of the National Curriculum. The consultation on the proposed new Curriculum was launched on 7 February 2013 and the revised National Curriculum programmes of study, published in September 2013, have been taught in local authority maintained schools since September 2014.¹ Academies and free schools are not required to teach the National Curriculum.

Under the revised National Curriculum, financial literacy education is statutory for the first time, as part of citizenship education in key stages 3 and 4 (i.e. for pupils aged 11 to 16 years).² The [Citizenship programmes of study](#) make provision for pupils in key stage 3 (aged 11 to 14 years) to be taught about:

- the functions and uses of money, the importance and practice of budgeting, and managing risk.

Pupils in key stage 4 (aged 14 to 16 years) are to be taught about:

- income and expenditure, credit and debt, insurance, savings and pensions, financial products and services, and how public money is raised and spent.

In addition, the new mathematics curriculum is intended to ensure that “all young people leave school with an understanding of the mathematics skills needed for personal finance”.³

Enterprise education is not part of the National Curriculum.

1.2 Financial and enterprise education as part of PSHE

Financial and enterprise can also be taught as part of non-statutory Personal, Social, Health and Economic education (PSHE). The Government carried out a separate review of PSHE, which reported in March 2013 alongside the review of the National Curriculum.⁴ Following the review, the Government announced in a written ministerial statement that PSHE would remain a non-statutory subject and that no new programmes of study would be published.⁵ Previously there had been non-statutory programmes of study for PSHE, with

¹ Department for Education, [National curriculum in England: framework for key stages 1 to 4](#). Information on the curriculum review is provided on the DFE’s websites: [2014 National Curriculum and National Curriculum Review](#).

² House of Commons written answer 30 October 2014 [PO 212533](#)

³ [HC Deb 12 May 2014 c368W](#)

⁴ The remit of the PSHE review was set out in a [letter to the Education Select Committee on 21 July 2011](#)

⁵ [HC Deb 21 March 2013 52WS](#)

financial and enterprise education situated within the economic well-being strand.⁶

The current National Curriculum framework document states that “all schools should make provision for PSHE”.⁷ Guidelines published by the Department for Education in September 2013 state that schools should seek to use PSHE education to:

...build, where appropriate, on the statutory content already outlined in the national curriculum, the basic school curriculum and in statutory guidance on: drug education, financial education, sex and relationship education (SRE) and the importance of physical activity and diet for a healthy lifestyle.⁸

The Government provides grant funding to the [PSHE Association](#) to work with schools to advise them in developing their own PSHE curriculums and improve the quality of teaching. The PSHE Association has published a [programme of study](#) (non-statutory) for PSHE. This suggests that pupils in key stages 1 and 2 (ages 5-11) should be taught about:

- where money comes from, keeping it safe and the importance of managing it effectively;
- how money plays an important part in people’s lives;
- a basic understanding of enterprise.
- It suggests that pupils in key stages 3 and 4 (ages 11-16) should be taught:
 - how to make informed choices and be enterprising and ambitious;
 - about the economic and business environment;
 - how personal financial choices can affect oneself and others and about rights and responsibilities as consumers.⁹

1.3 Other initiatives and resources

Young Enterprise is a business and enterprise education charity that helps young people learn about business and the world of work through a [range of programmes](#). Further information is provided on its website: <http://www.young-enterprise.org.uk/>.

The Personal Finance Education Group (pfeg) works with schools to help them plan and teach personal finance. Further information is provided on its website: <http://www.pfeg.org/>. Pfeg has also, in partnership with Barclays, promoted an annual national activity week for primary and

⁶ Further details of the key concepts previously included in the programmes of study for [primary schools](#) and [secondary schools](#) are available on archived pages of the Department for Education’s website.

⁷ Department for Education, [National curriculum in England: framework for key stages 1 to 4](#), para 2.5

⁸ Department for Education, [Personal, social, health and economic \(PSHE\) education](#). Key stage 1 covers pupils aged between 5 to 7 years; key stage 2 covers pupils aged 7 to 11 years; key stage 3 covers pupils aged 11 to 14 years; and, key stage 4 covers pupils aged 14 to 16 years.

⁹ PSHE Association, [PSHE Education Programme of Study \(Key Stages 1 – 4\) October 2014](#)

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secondary schools – [My Money Week](#). On 1 September 2014 Pfeg became part of Young Enterprise, meaning that pfeg branded education programmes are now delivered under the Young Enterprise umbrella.¹⁰

¹⁰ Young Enterprise, "[pfeg joins Young Enterprise](#)", 1 September 2014.

2. Reviews of financial and enterprise education

2.1 Ofsted reports

Financial and enterprise education

Ofsted has published several reports and collections specifically on enterprise education and financial education. These include:

[Ofsted examples of good practice in economics, business and enterprise teaching](#) (Ofsted, 2015). Examples of good practice in economics, business and enterprise teaching from providers inspected by Ofsted.

[Economics, business and enterprise education](#) (Ofsted, 2011). The report evaluated the strengths and weaknesses in economics, business and enterprise education in primary schools, secondary schools and colleges. It covered both formally assessed economics and business courses taken by students aged 14 to 18 in secondary schools and colleges, and whole-school enterprise education. It found that:

- Schools did much to promote students' enterprise capability by a range of often highly engaging and wide-ranging provision.
- In the secondary schools, financial capability was not as well developed and was often weak. Students often had only a vague idea about interest rates and their impact, inflation, why prices vary and the ownership of companies.
- The main weaknesses in whole-school enterprise education provision, both in the primary and secondary schools surveyed, were a lack of coherence and a failure to identify and assess learning outcomes.
- Many of the teachers deployed to deliver aspects of enterprise education were non-specialists, who had little or no training or experience of this area. This limited their confidence and ability to teach effectively.¹¹

[Developing financially capable young people](#) (Ofsted, 2008). The report found that providing personal finance education in schools could have a significant and lasting impact on pupils' future prosperity. However, the report noted that pressures on curriculum time, teachers' lack of subject knowledge and expertise in the area led to wide variation in provision.

[Developing young people's economic and business understanding](#) (Ofsted, 2008). The report evaluated the strengths and weaknesses in business education for 14 to 19-year-olds in schools and colleges, and in the provision of initial training of teachers to teach business education in schools. The report found that standards, as measured by examination results, had improved and noted that the growing number of specialist business and enterprise schools was leading to considerable improvements in curriculum provision. It also reported, however, that in

¹¹ Ofsted, [Economics, business and enterprise education: report summary](#), 8 June 2011.

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around half of the schools pupils had insufficient opportunities to engage directly with business and employers, and fewer than half of the schools had explicit and comprehensive programmes to develop the business, economic and financial capability of students at key stage 4 (ages 14-16).

[Developing enterprising young people](#) (Ofsted, 2005). This evaluated enterprise learning in schools at key stage 4, drawing on the research of two surveys performed in 2003/04 and 2004/05. The surveys covered a range of schools providing key stage 4 enterprise education. The report highlighted some progress but found that many shortcomings identified in the earlier survey were still present.

PSHE

On 1 May 2013 Ofsted published its report, [Not yet good enough: personal, social, health and economic education in schools](#). The report was based on evidence from inspections of PSHE education carried out between January and July 2012 in 50 maintained schools and on evidence from an online survey of 178 young people conducted between October and November 2012. Amongst other things, the report said that there had been improvements in PSHE relating to economic understanding and financial capability:

The development of pupils' economic well-being and financial capability was at least good in half of the primary schools and in two thirds of the secondary schools, with careers education good or better in half of the secondary schools. This is an improvement since Ofsted's last PSHE education report in 2010, which stated that most secondary schools had yet to implement the 2008 programmes of study for economic well-being and financial capability.

In July 2010, Ofsted published a report on [Personal, Social, Health and Economic \(PSHE\) education in schools](#), which considered economic understanding and financial capability in both primary and secondary schools. The report found that, whilst schools did do some work on topics such as managing personal finances or enterprise education, this was not as often as on other aspects of the PSHE curriculum and often in an ad hoc way. With regards to secondary schools, the report found that the provision for financial capability was weaker than for enterprise or careers education. The inspectors noted that, whilst a lot of useful activity was taking place, schools did not always track what students had learnt meaning that it was hard to judge whether the provision was effective.

2.2 Young review of enterprise education

In June 2014, Lord Young, Adviser to the Prime Minister on Enterprise, published his third report on enterprise, [Enterprise for all: The relevance of enterprise in education](#). The report covered the whole breadth of education and made a number of recommendations. Its recommendations relating to enterprise education in schools included:

- the development of an enterprise passport for young people to record and demonstrate their enterprise learning and work experience throughout their education;
- the creation of a new national volunteer network of 'Enterprise Advisers', coordinated by the LEPs, to work closely with head teachers and enlist local businesses and others to give pupils real-life experience of the world of work and business engagement;
- the embedding of an enterprise flavour into new curriculum materials and examinations, supported by a higher profile for enterprise skills and activities in Ofsted school inspections;
- that teachers be provided with experience in business as part of their Continuous Professional Development;
- that Level 3 vocational courses include as a core component a module on working for yourself and how to start up a business.¹²
- Lord Nash, Parliamentary Under-Secretary of State for Schools, stated in July 2014 that the Government expected to publish its response to Lord Young's report in the autumn.¹³

In December 2014, the Government [announced](#) that it had accepted the report in full, alongside the creation of the Careers and Enterprise Company (CEC).¹⁴ More information about the CEC can be found in the Library briefing [Careers guidance in schools, colleges and universities \(England\)](#), CBP 7236.

2.3 DFE evaluation of enterprise education

A Government-commissioned evaluation of enterprise education was published in July 2010: [Evaluation of Enterprise Education in England](#).¹⁵ The report, which was commissioned and written before the Coalition Government took office, described the range of enterprise education provision and sought to highlight the outputs and outcomes from the funding then available, and the extent to which it demonstrated value for money. The report noted that, despite the positive impacts of enterprise education being widely claimed, the evidence base was "somewhat patchy":

Enterprise Education is intended to "help young people be creative and innovative, to take risks and manage them, and do this with determination and drive." The Department has divided Enterprise Education into three areas:

Enterprise capability – enterprise skills and a can-do attitude

Financial capability – understanding and managing basic finances

Economic & business understanding – understanding the business context

The research was commissioned in the light of the Department for Children, Schools and Families (DCSF's) significant spend on

¹² Lord Young, [Enterprise for All: The Relevance of Enterprise in Education](#), June 2014, p5-6

¹³ [HC Deb 14 July 2014, c87-8WA](#)

¹⁴ [Enterprise for All – news](#) [accessed 1 July 2016], Department for Education, [New careers and enterprise company for schools](#), 10 December 2014

¹⁵ Research Report DFE-RR015

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Enterprise Education over the past four years and its likely continuation until at least 2011. £55 million has been made available every year since 2005 and is now available as part of the School Development Grant.

While it is widely claimed that Enterprise Education has substantial positive impacts on participants, teachers and schools, these claims are generally anecdotal and based on experience, rather than robust data. Despite extensive investment in Enterprise Education by many governments around the world, the evidence base is somewhat patchy, with only a few scientifically grounded studies of impact.¹⁶

The report also summarised other countries' approaches to enterprise education. It stated that:

The UK is unusual in its approach to Enterprise Education, encompassing a broad range of skills and attributes that make an individual enterprising.

Most countries focus on entrepreneurship education, driven by a perceived need for more business start-ups and a more entrepreneurial economy. Consequently much of the research evidence concentrates on indicators of entrepreneurial intent and capability (a subset of enterprise in the UK context), with the development of broader enterprise skills seen as a collateral benefit rather than an aim in itself.¹⁷

¹⁶ p12

¹⁷ Department for Education, [Evaluation of Enterprise Education in England](#), Research Report DFE-RR015, July 2010, p25. Section 2.1.2 of the report provides a summary of other countries' approaches to enterprise education.

3. Pressure for change

In recent years there have been calls for financial and enterprise education to be made a more prominent part of education, and for PSHE to be made statutory. The following sub-sections discuss some of these developments.

3.1 All Party Parliamentary Group on Financial Education for Young People

There is an All Party Parliamentary Group on Financial Education for Young People (APPG), which was set up to discuss and promote financial education in schools.¹⁸

2016 report

In May 2016, the APPG published [Financial Education in Schools: Two Years On – Job Done?](#) The report assessed developments since the introduction of statutory financial education in English secondary schools in 2014. The report stated that financial education was “patchy, inconsistent and varying in effectiveness,”¹⁹ and made recommendations for it to be strengthened, including that:

- Ofsted’s Common Inspection Framework should more explicitly address the extent to which schools provide young people with financial knowledge and skills
- Statutory financial education should be strengthened in Mathematics and Citizenship at secondary level to better focus on real-life contexts, and extended to Mathematics at primary level. It should also form a central component of the Department for Education’s action plan for improving PSHE provision
- Department for Education should embed financial education within the new Initial Teacher Training framework
- A long-term study on the effectiveness of financial education interventions should be commissioned.²⁰

2011 report

In a report published on 12 December 2011 – [Financial Education and the Curriculum](#) – the APPG recommended that personal finance education should be a compulsory part of every school’s curriculum. The report suggested that primary teachers should build upon their teaching of basic money and mathematics skills across the curriculum in preparation for secondary education. For secondary schools, it recommended that personal finance education should be taught cross-curricular in mathematics and PSHE, with the financial numeracy aspect

¹⁸ “[Financial Education for Young People](#)”, Parliament website (last accessed 18 November 2014).

¹⁹ All Party Group on Financial Education for Young People (APPG), [Financial Education in Schools: Two Years On – Job Done?](#), May 2016, p5

²⁰ Ibid., p9-10

of personal finance situated in mathematics and the subjective aspects taught in PSHE.²¹

A backbench debate on financial education was held in the House of Commons on 15 December 2011.²² Responding to the debate, Nick Gibb, the Schools Minister, said that the APPG's report would "play an important part in helping us to draw conclusions for the purpose of the PSHE review".²³ The House agreed to the following motion:

That this House notes that young people today grow up in an increasingly complex financial world requiring them to make difficult decisions for the future, often without the necessary level of financial literacy; believes that financial education will help address the national problem of irresponsible borrowing and personal insolvency and that teaching people about budgeting and personal finance will help equip the workforce with the necessary skills to succeed in business and drive forward economic growth; further believes that the country has a duty to equip its young people properly through education to make informed financial decisions; and calls on the Government to consider the provision of financial education as part of the current curriculum review.²⁴

3.2 Calls for PSHE to be a statutory part of the National Curriculum

There have been regular calls for PSHE to be made statutory, often driven by the belief that this greater priority would improve PSHE provision.

The Education Committee published a [report](#) recommending this change in February 2015, and Private Members' Bills have been tabled for all or part of PSHE to become statutory. The last Labour Government had planned to make PSHE statutory, but the measures were not passed ahead of the 2010 General Election. The Shadow Education Secretary, Lucy Powell, has announced that a Labour Government would make PSHE statutory in all state-funded schools.

In January 2016, the Chairs of four Commons select committees – education, health, home affairs and business, innovation and skills – [wrote](#) to the Education Secretary in support of statutory PSHE and sex and relationship education (SRE).

The [Government response](#) to the Education Committee report, published in July 2015, did not take forward the recommendation for PSHE to be made statutory, although it stated that it would be giving further consideration to the Committee's arguments in 2015.

In February 2016, the Government [confirmed](#) that it would not be making PSHE statutory.

²¹ "Financial education is a long-term solution to the national problem of irresponsible borrowing and personal insolvency says report", Pfcg press notice, 12 December 2011

²² HC Deb 15 December 2011 c979

²³ *Ibid.*, cc996-7

²⁴ *Ibid.*, c1029

Further information about PSHE, including earlier proposals to make the subject or aspects of the subject statutory, are available in the Commons Library briefing [Personal, social, health and economic education in schools \(England\)](#), CBP 7303.

4. Developments under the Labour Government

4.1 The Review of Enterprise and the Economy in Education

In June 2001 the Labour Government commissioned an independent review, chaired by Sir Howard Davies, then chairman of the Financial Services Authority, of enterprise and the economy in education, covering the age range 5 to 19 years.

The [Review of Enterprise and the Economy in Education](#) was published in February 2002. The report found that some schools were successfully offering their students a variety of enterprise learning opportunities through a range of activities and courses within the curriculum, but that such good practice was not widespread.²⁵ The review identified various ways to strengthen the links between the education system and business, as an important step in building a more enterprising society across the country. It recommended that:

The Government should make a clear statement of policy setting out a national agenda for building enterprise capability, economic and business understanding, and financial literacy in all young people. Such a statement should be signed by the Chancellor, the Secretary of State for Education and Skills, and the Secretary of State for Trade and Industry. It should include a clear definition of the outcomes that the Government wants to see, and how young people can be encouraged to be enterprising and to understand and respond successfully to the challenges and opportunities driven by changes in the economy.

The DfES should prepare guidance which explains for teachers and other professionals what is meant by 'enterprise capability' as an aspect of learning across attributes which are associated with the concept, and examples of how and where they could be introduced within the National Curriculum and other subjects.

The Government should establish and monitor a clear benchmark of young people's enterprise capability. This could be achieved by a nationally representative survey conducted on a regular basis.²⁶

The April 2002 Budget Report stated that the Government welcomed the Davies report and agreed with its central conclusion that building a deeper and wider entrepreneurial culture must start in schools and colleges.²⁷ The Chancellor announced that additional resources rising to £60 million a year by 2005-06 would be allocated "to give every child the chance to spend, on average, five days over their school career engaging in quality enterprise activities."²⁸

²⁵ p 48

²⁶ p 10

²⁷ HC 592, April 2002, para 3.51

²⁸ [2002 Spending Review, Cm 5570, July 2002](#), paragraph 6.14

4.2 Work-related learning and developing enterprise capability

Statutory work-related learning for key stage 4 pupils (aged 14 to 16 years) was introduced from September 2004, and from 2005 key stage 4 pupils were offered the equivalent of five days' enterprise activity to help develop enterprise capability. Work-related learning was also a key element of a new diploma entitlement, which was introduced under the Labour government.

There were also a number of reviews and initiatives under the Labour Government concerning work-relating learning and developing enterprise capability. These included:

- A good practice guide on how enterprise education could be embedded in schools was published in March 2010: [A guide to Enterprise Education - For Enterprise Coordinators, teachers and leaders at schools](#).
- In 2009 the Department for Children, Schools and Families published a [Work-related learning guide](#) (second edition). The guide noted the benefits of work-related learning and the wide range of activities it comprised including enterprise education and work experience placements. It also set out the role of Education Business Partnership Organisations (EBPOs) in this context.
- In March 2008, the Labour Government launched a national enterprise strategy in the white paper: [Enterprise: Unlocking the UK Talent](#). Amongst other things, this called for a culture of enterprise and developing the knowledge and skills of enterprise education in schools, colleges, universities and the workplace.
- The Government policy document, [14 to 19 Opportunity and Excellence](#), published in January 2003, proposed changes to allow greater flexibility in the curriculum for 14 to 16 year olds, and a new statutory requirement that all young people should undertake some work-related learning, including enterprise.

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