



BANK OF ENGLAND

Andrew G Haldane
Chief Economist

Mr Nicholas Smith
RSE and PSHE Team
Department for Education

andy.haldane@bankofengland.co.uk

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Dear Mr Smith

Response to the PSHE Consultation

I was alerted to the public consultation you are running on potential changes to the teaching of Sex and Relationship Education (SRE) and Personal, Social, Health and Economic Education (PSHE). I understand that this consultation focuses mainly on the first, but I would like to offer some reflections on the second, on behalf of the Bank of England.

The Bank has been taking a particular interest in the teaching of PSHE over the past year, as part of its new educational strategy. The aim of this is to increase the Bank's own efforts to improve the understanding of economics and finance among young people. As one part of that, in the next few months the Bank of England will launch its own educational materials, designed to be incorporated into the PSHE curriculum at key stages 3 and 4 and into corresponding national curricula in Scotland, Wales and Northern Ireland.

The Bank's efforts to develop curriculum material have led us to speak to a range of stakeholders including teachers, education resources providers, charities and teaching associations. These conversations, and those with our extensive contacts around the country, have highlighted a widespread concern, among both parents and young people, that schools are not equipping pupils with the skills and knowledge they need to understand the economy and its impact on their lives and decisions. The evidence here is, I think, quite compelling.

Surveys show that the vast majority of the general public, perhaps as many as 80-90%, recognise the importance of understanding the economy and financial system for their everyday lives. That is the good news. The bad is that, despite its importance, almost as many find it very difficult to understand the core concepts in economics and finance and what they mean for them. Given that, it should perhaps come as no surprise that, in recent surveys, around 80% of UK citizens think that economics should form part of the curriculum.¹

Evidence suggests that people are right to have these concerns. Recent research from the charity Pro Bono Economics (full disclosure – I am founder and trustee) showed strong evidence that PSHE affects positively attainment in other areas.² There is now strong evidence that there are large benefits – for financial, physical and mental health – from improved economic and financial literacy among young people.³ And there is also evidence that an understanding of the economy can improve democratic and civic engagement by young people, which by itself helps boost well-being.

¹ ING-Economics Network Survey of the Public's Understanding of Economics (2017).

² Pro Bono Economics (2017)

³ Such as the APPG on financial education for young people https://www.youngmoney.org.uk/sites/default/files/Doc_downloads/APPG/Financial%20Education%20%26%20the%20curriculum%20-%20Final%20report%20-%20APPG%20on%20fin%20ed%20for%20YP%20-%20Dec%2011.pdf

As you know, PSHE is currently non-statutory. Data suggests that teaching time dedicated to the subject fell, by almost a third, between 2011 and 2015.⁴ Economic well-being is an optional topic within the PSHE curriculum and our work suggests that many teachers are choosing not to offer economic wellbeing even when PSHE is taught. This may be because teachers have very limited timetable space for PSHE and hence choose to focus on other topics. Or because they do not feel they have sufficient experience of economics themselves to teach the subject. Neither is good.

The upshot is that the vast majority of young people appear to be leaving school without having had much, if any, teaching of even the basics of economic and financial matters. In principle, some of these pupils might be captured at later stages. In practice, very few students study economics at either GCSE (1.4% of students) or A level (4.3%).⁵ The Bank of England thinks this is a poor educational foundation for young people, leaving them ill-prepared for making everyday decisions from buying a house to taking out a loan, from getting a job to engaging with wider society.

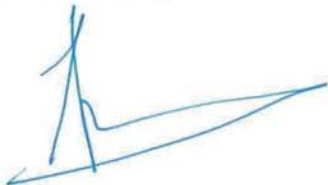
The Bank's own efforts are a modest attempt to improve matters, beginning with 11-16 year olds. We are aware of a number of other bodies who are engaged in similar initiatives to support and improve the teaching of economics and finance in schools and we have discussed these initiatives with them. They do not yet amount to a full-fledged and joined-up strategy for tackling the problem. But they are a start and hopefully make clear the breadth and depth of concern about the current state of affairs and the interest and goodwill that exists in improving matters.

I wanted to set this out as I think it is important context for your consultation. The role of PSHE is fundamental, the Bank believes to making progress in providing a strong educational foundation in economics and finance. That is why our own initial efforts are focussed in this area. Placing PSHE on a statutory footing and, within that, having the economics component as a compulsory module, would we believe be important steps in the right direction. Giving greater thought to ways in which teachers can be supported in delivering these materials is clearly also essential. The Bank (and, I would imagine, a number of others) would be happy to help harness our own resources and expertise in supporting pupils and their teachers and thus in building this foundation.

I hope this review is able to consider the importance of PSHE education to young people's lives and begin to take practical steps towards putting it on firmer foundations. I can quite understand that demands for curriculum space are acute, as too are pressures on teaching staff. But from the Bank of England's perspective, we believe the longer-term benefits of such an investment far outweigh any shorter-term costs.

To that end, we would be more than happy to discuss these issues with you further, if that would be helpful.

Yours sincerely



Andrew G Haldane

⁴ School Workforce in England Statistics, DfE

⁵ Haldane (2017)