the Money Advice Service

2016/17 Business Plan

Contents

Executive summary

In 2016/17 we plan to:

- continue to **deliver on our statutory objectives** to help people manage their money better, and to improve debt advice
- build **agreement about the gaps in the landscape, and build robust evidence of what works,** in interventions to improve financial decisions
- begin the **transition to the new money guidance body,** to make it as relevant and cost-effective as possible, by careful planning with HM Treasury and the Financial Conduct Authority.

We have organised our plan around our five principal areas of activity for 2016/17:

1. **Delivering through others:** We will co-ordinate the many organisations that contribute to improving financial capability – investing £7m to fund trials and pilots that add to their evidence base about 'what works'.
2. **Earlier and wider access to debt advice**: We will fund help for 425,000 over-indebted people so that they can access free, high-quality advice – 15% more than in 2015/16. We will run a series of tests with over-indebted people designed to encourage them to seek advice earlier.
3. **More people budgeting and saving:** We will partner with the Department of Work and Pensions to offer Universal Credit recipients a free, fast tool to help them with their household budgeting. We will run pilots that test innovative ways of getting people to save, targeted on two of our most challenging customer segments.
4. **Improving access to guidance and advice:** We will begin to reshape our direct channels in line with the principles set out in the Government's *Public Financial Guidance Review: proposal for consultation.* We will stop all marketing, but will continue to meet natural demand and maintain customer satisfaction for our direct services.
5. **Widening and improving financial education:** We will conduct randomised controlled trials, analyse a major cohort study and map financial education provision. We will contribute these to a growing evidence base, raising the bar for how the financial capability needs of children and young people will be served at school and at home.

We will achieve all these ambitious aims within **a significantly reduced budget for 2016/17 (it is £6.1m lower than last year),** while increasing the amount of money that goes to the frontline of debt advice.

Our plan specifies **18 key performance indicators** that we will use to track our progress across a broad range of activities.

Joint foreword from the Chairman and the Chief Executive

There is widespread consensus that improving the financial capability of the UK is a crucial challenge, one that affects millions of people. One in six adults are over-indebted. Four in ten adults do not feel fully in control of their finances. One in five cannot read a bank statement. And four in ten have less than £500 in savings. These figures, from our research, only hint at the impact of money problems on everyday lives; there are clear links between the worst money difficulties and stress, anxiety, mental illness and family breakdowns.

It is therefore easy to see that improvements would have positive benefits not just for individual lives, but for health and other social services. And financially capable individuals will tend to access more (and more valuable) financial products. So we passionately believe that a change for the better in our nation's money management skills would bring benefits to individuals, society and businesses. Within the last year we have successfully mobilised more than 50 influential organisations to combine their efforts in a UK-wide, long-term Financial Capability Strategy to address these issues.

Over the same period there have been two major external developments that affect the Money Advice Service. In March 2015 Christine Farnish published her Independent Review. While advocating the cause of financial capability, she challenged our thinking about the role of direct delivery channels. In response, we carried out in-depth analysis of the needs and behaviours of 5,000 consumers and, mapping this against what consumers can access from across the marketplace, began our gap-filling approach.

In March 2016 the Government published a series of proposals in response to the Public Financial Guidance consultation. This built on Christine Farnish's recommendations, and endorsed her view that both debt advice and money guidance need long-term leadership and support from a statutory and strategic body. It announced that the Money Advice Service will be replaced in April 2018, by a new body charged with equipping consumers to make more effective financial decisions. In the meantime we will of course fulfil our statutory remit, as the Government's announcement set out.

Following the Government's announcement we have reviewed our draft 2016/17 business plan so that we can stop or wind down activities inconsistent with the future direction. We see a threefold mission for our service over the remaining two years of its existence:

- First, to **continue to deliver on our statutory objectives** to help people manage their money better, and to improve debt advice.
- Second, to **build consensus about the gaps in the money guidance landscape**, and **robust evidence of what works** in interventions to improve financial capability.
- Finally, to **make the transition to the new body as cost-effective as possible**, by careful planning with HM Treasury as it leads a process, alongside continuing oversight of the Money Advice Service by the Financial Conduct Authority.

Andy Briscoe
Chairman,
the Money Advice Service

Caroline Rookes
Chief Executive,
the Money Advice Service

We will continue to help consumers through our direct channels, including millions of people through our website. But we will close the channel that had the highest cost-to-serve – face-to-face – and we'll no longer be making long-term infrastructure investments in the remaining channels, nor marketing them. As a result, we're now able to accelerate our investment into pilots and interventions to build the evidence base about 'what works', covering a range of audience groups, engagement methods and financial decisions. These pilots will also flow money to the frontline of a wide range of organisations. We will make sure they include the right level of follow-up to evaluate which of the people they helped experienced long-term benefits.

Within the Money Advice Service we will set up a transition programme. This will come under the leadership of HM Treasury, working alongside the Financial Conduct Authority. The aim of this group will be to help HM Treasury as it makes plans and sets out legislation for the new money guidance body. The group will also ensure the new body can have a highly complementary relationship with the new Pensions Body also planned by the Government, and will clarify which assets and roles will later be needed from the Money Advice Service.

As well as these changes, we will continue to fulfil our statutory function through a range of other activities described in the consultation version of our business plan, which gained considerable support from stakeholders during our consultation process. These include:

- leading and supporting the Financial Capability Strategy for the UK with a secretariat, consulting support, an Evidence Hub and outcome frameworks;
- assisting 425,000 people with debt advice through the lead organisations we partner with;
- promoting basic bank accounts and account comparisons;
- supporting Universal Credit recipients with budgeting; and
- investing in the financial education of children and young people, with the long-term aim of putting it on a sustainable basis, whether it is accessed at school, in the community, or takes place with parents at home.

Through an eventful 12 months we are proud to have kept a strong focus on delivering against the Key Performance Indicators set out in our 2015/16 Business Plan. We have been reaching more people than ever before, in spite of a reduction of 20 per cent in our money guidance budget. We have continued to raise the number of high-quality debt advice sessions we fund, while reducing the cost per session.

Ultimately the work of improving financial capability and encouraging more people to seek debt advice will require the co-ordinated efforts of an entire sector. Such challenges are bigger than any structural question or debate. We see our role in enabling this between now and 2018 as supporting, encouraging and advising all the interested partners; and as identifying and filling mission-critical gaps. We look forward to working with all of our partners, and with the Government and the Financial Conduct Authority, to achieve these goals.

We would also both like to strongly underline our thanks to the staff of the Money Advice Service for their ongoing professionalism and dedicated service.

In our most recent financial year (2015/16) we helped millions of people to make the most of their money

We were contacted 26 million times by customers*

an increase of 17% from 2014/15, despite a reduction in marketing spend of more than 37% over the same period

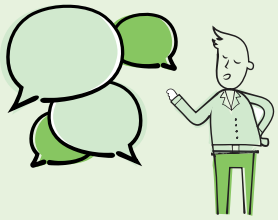
We helped customers to take action 16.9 million times

42% more than at the same point in the financial year 2014/15

High level of customer satisfaction

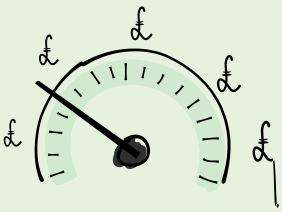
86%
said that the Money Advice Service had been helpful to them.

91%
said they would use our service again



88%
said they would recommend our service to others.

We fulfilled our promise to **work much more closely with the rest of the sector**, collaborating on common goals over the course of the year.



10-year sector strategy

We worked with the Financial Capability Board to launch a ten-year strategy to improve people's ability to manage money well day to day, prepare for and manage life events, and deal with financial difficulties.

Connecting customers to industry

Our Retirement Adviser Directory now features 6,354 financial advisers and helped people 82,378 times to search for an adviser, to help demystify pension freedoms and more.

Savvy shopping

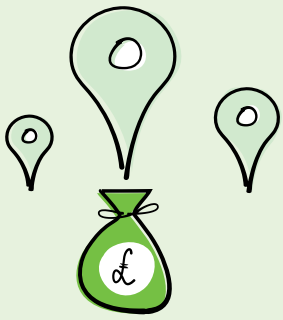
In a new way of working, we partnered with Wrap and MySupermarket to create reciprocal blogs and content about saving money by avoiding food waste, as well as how to be a savvy shopper, for the #SurviveJanuary campaign.

*The statistics presented were gathered up to 31 March 2016 unless otherwise stated. Statistics for our latest customer action survey were gathered on 1 January 2016.

Our debt advice locator tool was accessed **340,000** times

It helps people access free debt advice services online and by telephone, or find face-to-face services near them.

We launched a new Peer Review Scheme to identify and share best practice across the 230 debt advice organisations that use our funding in England and Wales

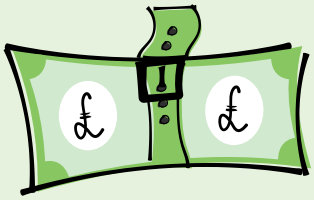


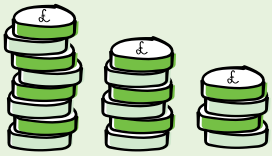
We supported people who sign up for IVAs with long-term money skills

Working with a Northern Ireland-based business, Aperture, we created a national pilot programme that aims to overcome some of the common money challenges clients face when they commit to an Individual Voluntary Arrangement (IVA).

We funded more than **380,000** debt advice sessions**

78%
said that the Money Advice Service had been helpful to them.





86%
succeeded in reducing their debt within six months.

**Sessions delivered up to the end of March 2016 by partners using Money Advice Service funding.

The landscape and the gaps

In our previous, consultation version of this Business Plan, we set out how we planned to implement fundamental changes to become a more strategic and evidence-based organisation, focused on a small number of clearly identified gaps. We set out a three-year Corporate Strategy to take us through to 2019.

While the Government's announcement that a new money guidance body will come into existence in 2018 means there is no requirement for a long-term strategy, we have a mission for the remaining two years of our existence. We see our essential duties over that time as:

- continuing to deliver on our statutory objectives to help people manage their money better, and to improve debt advice;
- building consensus about the gaps in the money guidance landscape, and robust evidence of what works in interventions to improve financial capability; and
- making the transition to the new body as cost-effective as possible, by careful planning with HM Treasury and the Financial Conduct Authority.

As our corporate strategy was based on analysing the landscape of consumer behaviour, we believe the needs it identified will hold true regardless of which organisation is charged to deliver them. We therefore set out in this section the essence of that analysis. It shapes our work for the next two years and we offer it as relevant to the Government's thinking about the duties and responsibilities of the New Money Guidance Body.

The inputs to our thinking

On page 20 we set out five key aims that are at the centre of our thinking about gaps in the landscape. We arrive at these five aims by taking into account multiple drivers:

- the direction and remit given by statute for the Money Advice Service
- the needs of the people we serve, through the lens of a customer segmentation model
- the opportunities we have to work with and through partners, and the collective vision of the Financial Capability Strategy for the UK (we will sometimes call this 'the UK Strategy' for brevity)
- the Independent Review of our service, and
- a gap analysis that arises from looking at the financial behaviours of different customer segments, and current provision to help them.

Inputs to our thinking: our statutory basis

The Money Advice Service was established by law with three core statutory obligations:

- to enhance the understanding of members of the public about financial matters
- to enhance the ability of members of the public to manage their own money[1]
- to improve the quality, availability and consistency of debt advice across the UK.[2]

In the Government's *Public Financial Guidance Review: proposal for consultation*,[3] these statutory objectives were described as 'insufficiently well-defined'. The Government intends to shape the statutory objectives for the new money guidance body based on its consultation. We welcome the Government's aims of setting up the new body with tightly defined and measurable objectives and will work with HM Treasury to help the Government achieve this goal.

For the remainder of the existence of the Money Advice Service, we see the five aims expressed in this chapter as an interpretation of our statutory remit, having received affirmative views on all of them during the consultation process we ran during the drafting of this Business Plan.

1. Both of these frame the levy raised to fund money guidance.
2. This frames the levy that funds debt advice.
3. Public Financial Guidance Review: proposal for consultation (HM Treasury, March 2016).

Inputs to our thinking: the people we serve

Our remit sets no limit on whom we should serve, but our resources do not extend to serving all 50 million adults in the UK; nor do all need our help. Some have no need, and others are already being served by other organisations.

Our approach has therefore been to focus our efforts and funding on the people who both need our help the most and can benefit most from what we offer.

We see a statutory body like the Money Advice Service as needing to strike a balance between three competing categories of need:

- helping people who are already in severe financial difficulty (the paramount aim of our debt advice work)
- carrying out preventative work to ensure adults, children and young people have the ability to avoid severe financial problems in the first place
- helping people who don't have financial problems, but who could be making more of their money if they took different decisions.

To help us decide where to focus our efforts, we developed a segmentation model for the adult population of the UK, which divides the population according to their levels of financial resilience, or ability to withstand income shocks. We believe this segmentation has been a powerful tool in considering our statutory remit because:

- it can be easily calculated through multiple data sources (past and present, created by ourselves and others), without the need for bespoke research dependent on a unique question set;
- it measures a highly desirable outcome (consumers being safer from financial difficulty); and
- that outcome is the likely result of improved financial capability, which is the effect we most want to bring about among consumers.

'Financial resilience' in this model is essentially a composite measure of the relationship between income, savings, insurance and protection products, alongside skills, knowledge and attitudes. We use the model to ask: *'If this individual received a financial shock, how quickly might that turn into severe financial difficulty?'*

The data fed into the model came from CACI and other sources such as the 2015 Financial Capability Survey,[4] meaning that it was based on very up-to-date information about the financial circumstances of tens of millions of people over the age of 18. There are three main segments and 15 sub-segments within the model, as shown by figure 1 on page 12. Movement between segments is, of course, fluid. As some of the sub-segments are broadly age-based, people will by definition move through them over the course of a lifetime. Equally, an unexpected life event may create a setback or an opportunity that would change categorisation. As we use the model, we expect to learn more about such movements and incorporate them into future service design and planning.

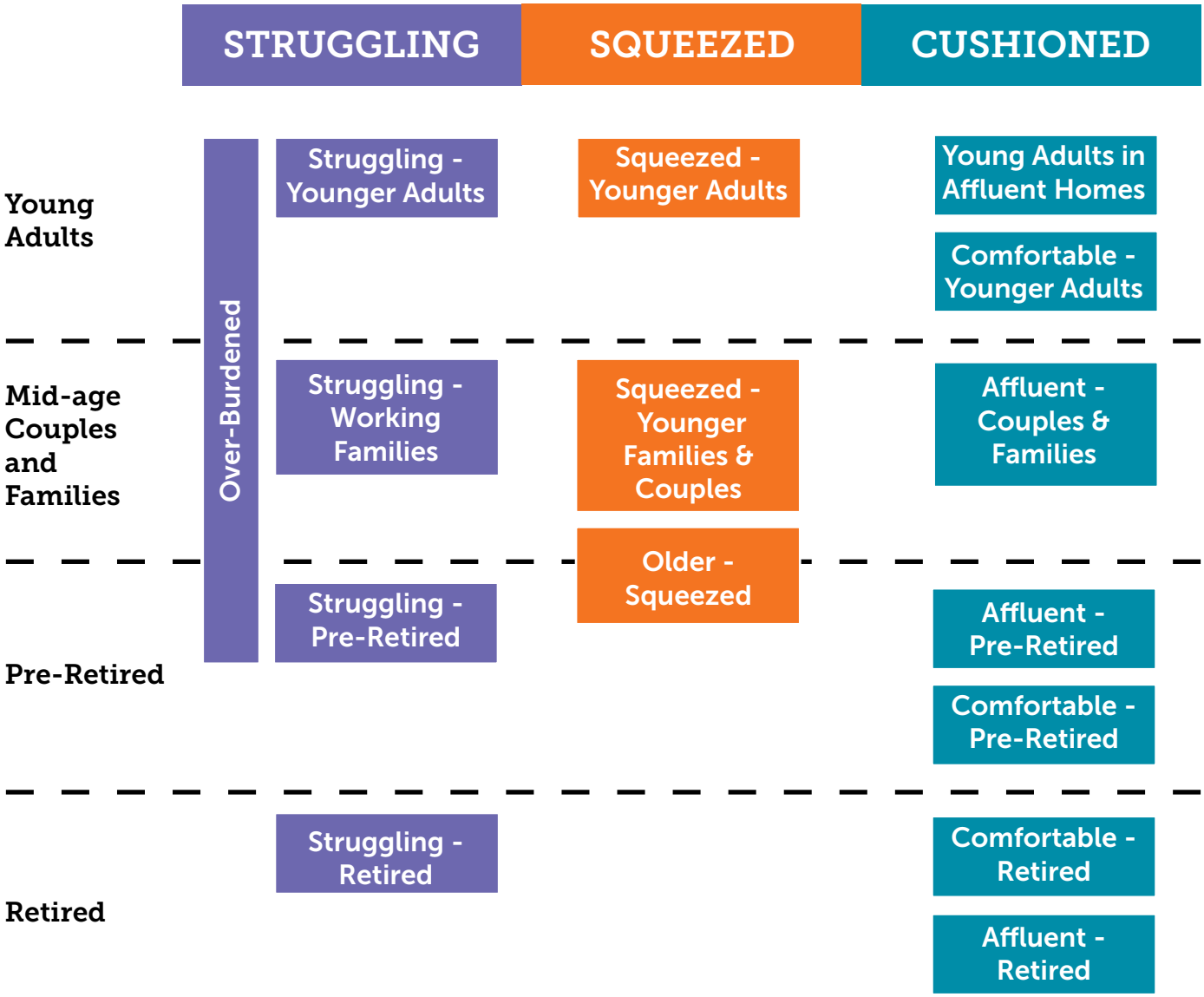
As the customer segmentation is designed to help us prioritise, it has usefully focused the debates inherent in any form of prioritisation.

4. The main data sources were GfK's Financial Research Survey and CACI's Ocean database; we added data from the Financial Capability Survey completed in 2015. See the 'Market Segmentation Technical Report' (Money Advice Service, May 2016, forthcoming) at www.moneyadviceservice.org.uk for more details.

We recognise that for many people, the money choices they make have causal roots in macro-economic factors, or social and political decisions that are decided through elections. We must recognise these, and avoid a naïve view that financial capability improvement will extinguish money problems. On some occasions, it will; most of the time the effects of success will only form part of a wider picture. The evidence we gather we make widely available, and if there is data to be found within it that points to important other causes, organisations that campaign about political choices are free to use it as they think fit. But we think any such campaigning role would be wholly inappropriate within our statutory remit.

We also recognise that the nature of any model of this kind is to highlight differences in the levels of need that people have, and to set out generalisations that are true at a population level, but inevitably simplify the complexity of difficult trade-offs people have to make about money in their everyday lives. In summarising our proposed responses, we respect the autonomy of individual consumers, and do not judge individual decisions, but we set out what we believe will (on average) help people to make the most of the money they have.

Figure 1 – Overview of our customer segmentation model



- Low financial resilience
- High dependency on benefits
- High unemployment or working on very low incomes
- Very low levels of savings
- High levels of over-indebtedness
- Social housing
- Higher incidence of divorce / separation and disability

- Some financial resilience
- Working C1C2 families
- Mortgaged or private renters
- Average incomes
- Some savings, but low values for many
- Many are dependent on credit including multiple loans and credit card minimum repayment
- Some over-indebtedness

- More financially resilient
- Higher incomes
- Higher levels of savings and assets
- Predominantly owner-occupiers

Note 1: children and young people addressed separately from this segmentation

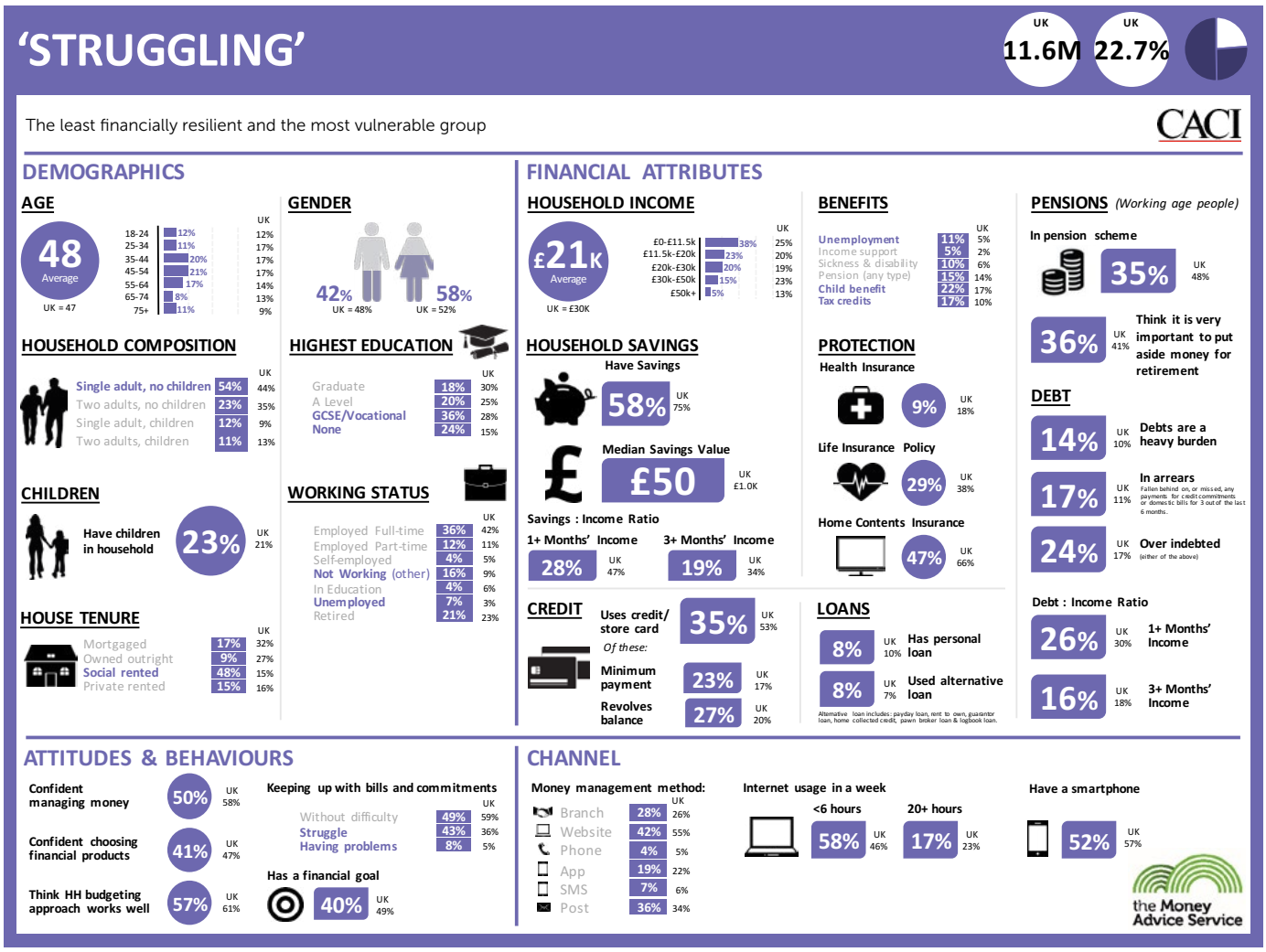
The **'struggling'** segment comprises 11.6 million adults of all ages who have low incomes and a high susceptibility to financial shocks. We have given this segment the name of 'struggling' to reflect the very tight fit between the income they receive and their essential household expenditures. Like all such labels, it is a shorthand, with its limitations. When using any segmentation, a key task is to understand diversity within each segment so that we can address people's needs in a relevant and targeted way.

Figure 2 below illustrates how the detailed data we hold within our segmentation model has helped to identify these varying needs.

Typically people in this segment receive state benefits (and more will be unemployed than in any other segments); live in social housing; have lower levels of education; and have low levels of savings. More of the single and separated inhabit these segments than the others. They are among the more vulnerable people in society. More than any other segments, they are likely to need the debt advice we fund through our partners. However:

- A significant number of people in this group are skilled at household budgeting (their income and expenditure almost match, so the pressure to budget well is considerable)
- Although imperfect and fragmentary, a financial and wider safety net exists to help in case difficulty strikes – in the form of cash benefits, social housing, and a wide range of public and voluntary sector organisations.

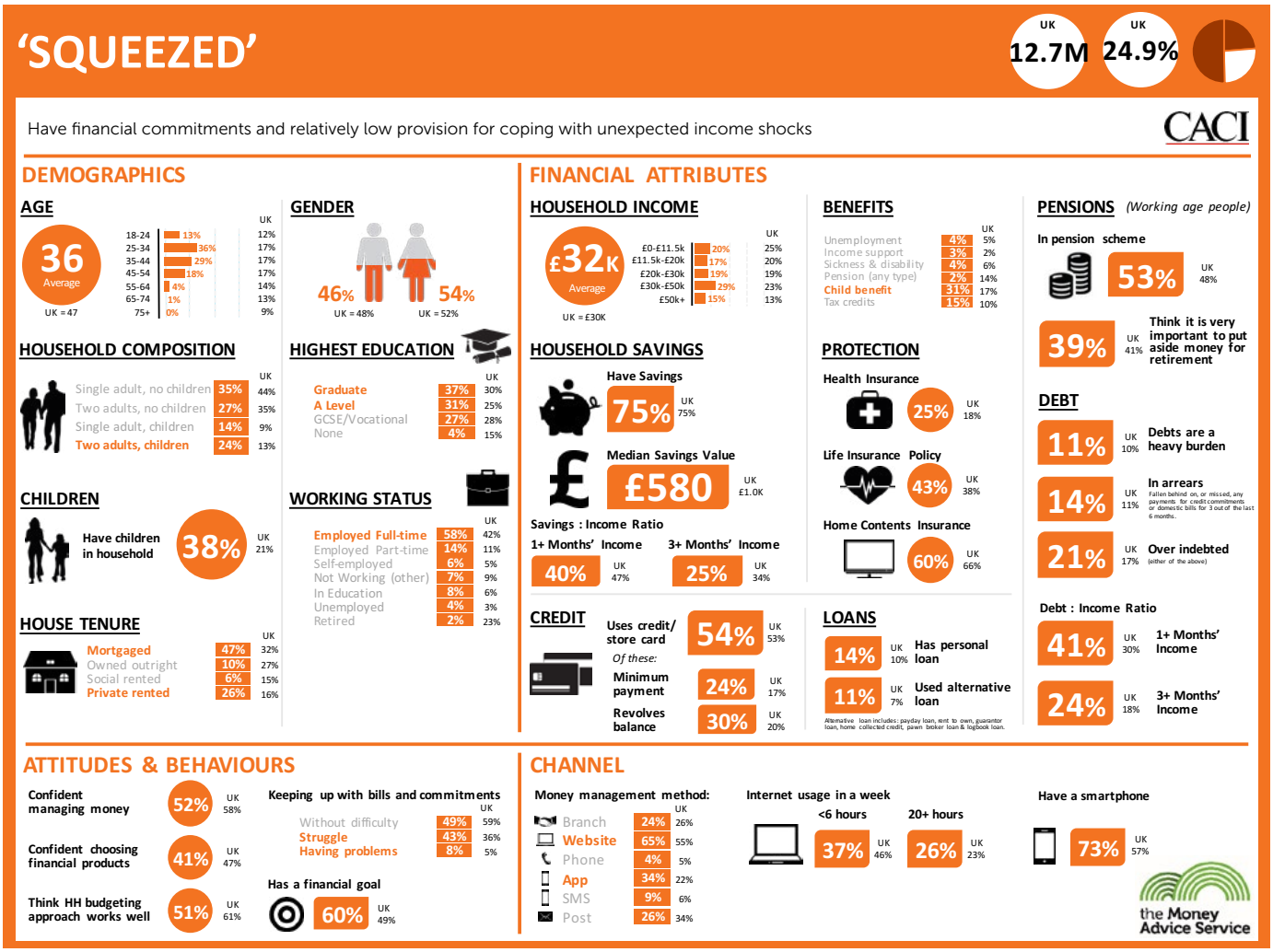
Figure 2 – As an example of the data we hold within our segmentation model, the 'struggling' data overview shows the challenges experienced by this segment



The **'squeezed'** segment is 12.7 million adults who are typically in mid-life; working; in a marriage/relationship; and have children. We have given this segment the name of 'squeezed' to reflect the financial pressures and financial volatility they told us they feel. They typically live in rented or mortgaged accommodation, so they experience the commercial pressures of rent rises and interest rate increases. And by and large people in this segment have strikingly low levels of savings: more than half have less than £500 in the bank. Given their high commitments, this segment is therefore acutely vulnerable to income shocks. However:

- They have higher levels of education than the 'struggling' segment. Because of their better levels of literacy and numeracy, they are likely to find it easier to take up, and act on, help with money management.
- Because of their children and family, they are likely to have the need and the motivation to make their future more secure and take advantage of financial freedoms, even if they don't know how and feel they lack the time to make it happen.

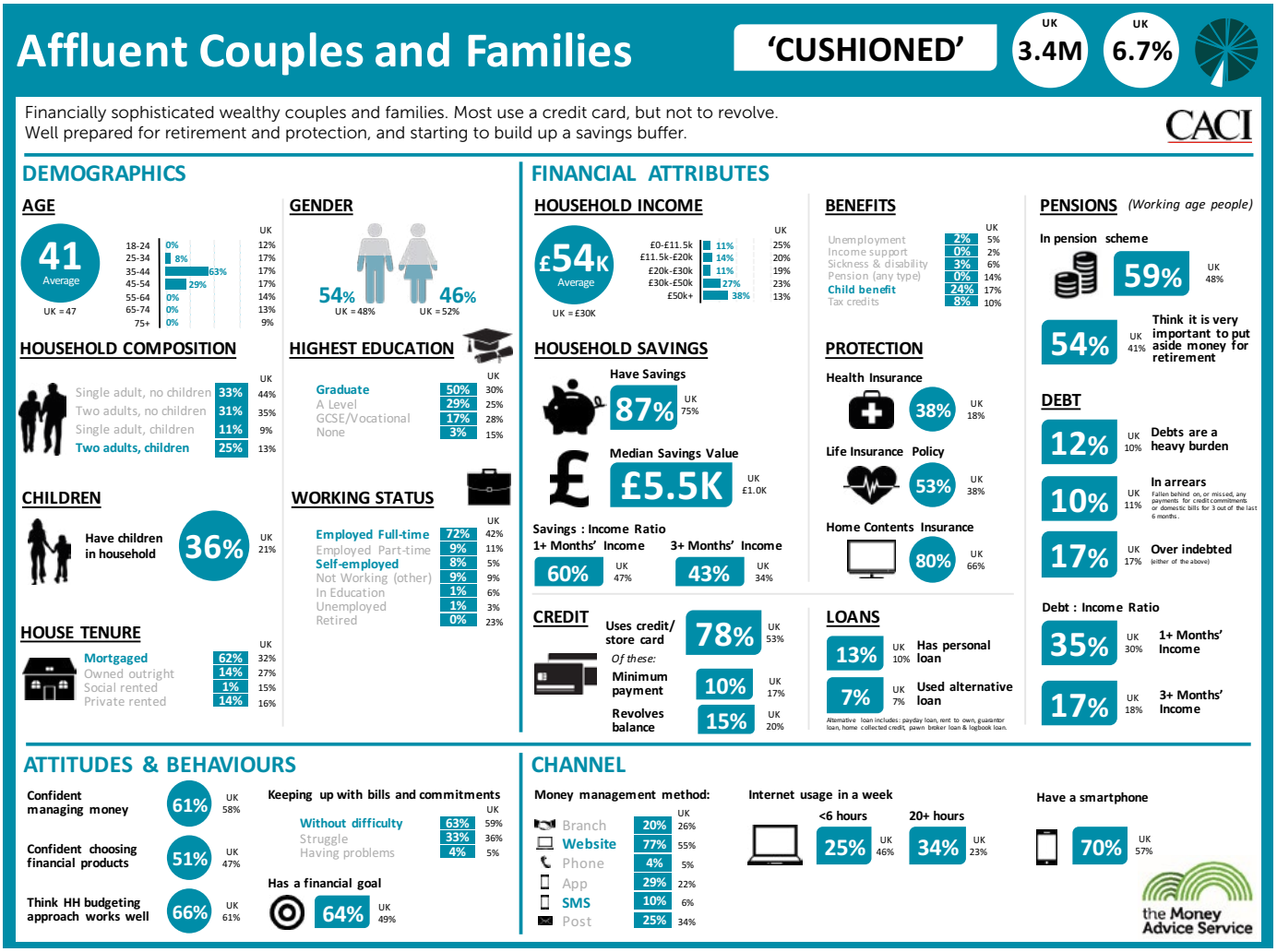
Figure 3 – The 'squeezed' customer segment shows the challenges faced by around 12.7m people



The **'cushioned'** segment is the remainder of the adult population. This is 24.5 million people of all ages. We have mapped sub-segments with some differences between them (varying between 'comfortable' and 'affluent'), but broadly this group is cohesive. We have named this segment 'cushioned' because their defining characteristic is typically the amount of savings they have, which can act as a buffer if they experience a financial shock.

By and large they are likely to have higher levels of control over their money too; but not universally so. With this group, there are still considerable challenges with helping those who find themselves in crisis debt. But this group is clearly more financially resilient. It has significant financial information needs, as it is a more active consumer of financial products and services than the other two groups we have identified.

Figure 4 – The 'cushioned' customer segment covers 24.5m people. This infographic shows the data we have gathered about one subsegment, 3.4m people within the 24.5m



Our segmentation model was designed to help us think about the characteristics and needs of adults. There is a very different set of issues facing **children and young people** and it would not have been appropriate to try to capture these needs through the same model. We define children and young people broadly as those below the age of 18 still in education. We also include vulnerable people accessing childhood services, or are under the statutory responsibility of a local authority. Our thinking about children and young people is shaped by the evidence that adult financial capability is shaped throughout childhood and adolescence. Money habits begin with self-control, and this can (and should) be developed from the age of 3 upwards. We do not currently have a formal segmentation for the 4–17 age group. Following the delivery of a national survey into the financial capability of 4- to 17-year-olds in the 2016/17 business year, we will seek views on whether segmentation would be useful for the new money guidance body.

Across all of our aims and segments, we think that **young adults** between the ages of 16 and 24 who have left school or vulnerable settings such as care or detention, or childhood services, need special consideration as a group. Alongside partners in financial services, Government and the youth or student sectors, we must work collectively to ensure that young adults at the point of transitioning to financial independence while completing college, training, university, or who are jobless and benefits dependent, get the additional support they need so that their first day-to-day and longer-term financial decisions have a positive impact on their lives. We also see the moment of entering the workplace, in particular starting an apprenticeship, as a critical opportunity to help young adults develop the financial habits that will set them on course for a successful future.

We recognise that there is an overlap between children, young people and 'young adults' in that there is no standard point in time when individuals mature or their needs change.

People in later life will also have distinct needs for financial capability. While some older people in retirement are relatively well placed for financial security, a majority have limited financial means and a significant minority have incomes below the poverty line. Most older people's resources are more or less fixed, making them particularly vulnerable to financial shocks caused by events such as bereavement, or the emergence of need for additional support or care to live independently. In later life deteriorating physical health and cognitive decline can also present financial capability challenges. Pension freedoms have given new retirees greater responsibility for actively managing their pension savings. This increased responsibility makes it even more important that older people can confidently consider and plan ahead for the entirety of their retirement and future spending needs.

Some of these groups will be better served by digital information, others will be better reached through partners. With all groups we will need to be aware not just which messages may be effective, but when people are more likely to be receptive to messages, whether the prompt is a financial emergency or the opportunity to save for a life goal. The main ways in which we plan to serve different customer segments are set out in each of our five aims (page 25 onwards).

Inputs to our thinking: the Financial Capability Strategy for the UK

Because money is a complex matter touching many parts of people's lives, and because people by and large prefer to think less about money itself and more about what it can do for them, none of our statutory obligations can be fulfilled without working alongside a very wide range of partners. Indeed most advanced economies, including the UK, have recognised that there is a need for a pro-consumer alliance of interests around money management, one that goes beyond the strict confines of regulation.

Over the last two years, the Money Advice Service has worked with more than 50 of the leading organisations relevant to money management and debt. Together we have analysed the fundamental consumer challenges, and set out a ten-year strategy – the Financial Capability Strategy for the UK. This was launched in October 2015.

The Financial Capability Strategy for the UK reflects the ambitions of a wide coalition of public, private and voluntary sector organisations to improve money management. It sets out the problems different bodies will work on, the evidence and evaluation they will gather, and the actions and programmes they will put into place to improve people's ability to deal with money.

In its *Public Financial Guidance Review: proposal for consultation*, the Government underlined the importance of financial capability, but indicated that the Financial Capability Strategy for the UK is not necessarily a means by which the new money guidance body will choose to discharge its duties.

Clearly, an important consideration that will weigh in the thinking of the new body will be the success, or otherwise, of the UK Strategy in mobilising the sector between now and April 2018. Over the next two years the Money Advice Service will therefore undertake these roles to support the success of the UK Strategy:

- First, we will be the 'home' for the UK Strategy. We will provide the secretariat, governance and knowledge base to make sure the UK Strategy can progress and succeed.
- Second, we will provide thought leadership. We will commission and supply to the UK Strategy Steering Groups the evidence they need to make decisions, and will provide a public voice in policy debates and national conversations about money. We also have regular opportunities to learn from others: the Organisation for Economic Co-operation and Development, and leading countries within it such as the Netherlands, Australia and New Zealand, have a wealth of data and learning accessible about how they are tackling financial capability problems.
- Third, we will aim to address particularly important and challenging gaps not filled by others.

Inputs to our thinking: the Independent Review

Christine Farnish delivered an Independent Review of our Service to HM Treasury in March 2015. We formed an Independent Panel of experts to help us consider in particular her recommendations about money guidance. This proposed some new principles for how we should run our service. We would like to take this opportunity to thank the panel members for their enormously helpful input, which included challenging but constructive debate. Overall, the Independent Review and the Panel process have positioned the Money Advice Service in a newly collaborative relationship with its wider sectoral partners.

The box below gives detail about how we worked with the Independent Panel on the key topic of gap filling. In its *Public Financial Guidance Review: proposal for consultation*, the Government published its final formal response to Christine Farnish's Independent Review.

The Independent Panel and the Independent Review

When the Independent Review was published in March 2015, the Money Advice Service accepted 19 of the 25 recommendations it made. We asked an Independent Panel of experts to help us consider the remaining six recommendations as we felt that we would need help and support to turn them from recommendations to implementation, and further help refining the evidence about the true consumer needs they implied.

The Independent Panel comprised: Clinton Askew, FCA Smaller Business Practitioner Panel; Philip Brown, LV=; Professor Sharon Collard, Open University; Joanna Elson, Money Advice Trust; John Godfrey, Legal & General; Martin Lewis, Moneysavingexpert.com; Sue Lewis, Financial Services Consumer Panel; Kirsty Mackey, Barclays; Michael Mercieca, Young Enterprise; Otto Thoresen, NEST. Jonathan Douglas from our own Board chaired the panel.

The panel met three times and considered a range of consumer evidence, options and the broader strategic drivers around money guidance.

The central task for the Money Advice Service and the Panel was to agree a suitable analytical framework to respond to the recommendation that the Money Advice Service should direct its money guidance funding only at gaps. We all agreed this was right; but the challenge was to narrow down the gaps in a way that was as objective as possible and and above all considered the true needs of consumers.

With the panel's help, we looked at data from 5,000 people, through the lens of the financial capability behaviours prioritised by our partners in the UK Strategy. This gave us a view of consumer need and possible detriment. We then mapped provision in the marketplace against the key areas of need.

Where good provision already exists, we stated that the Money Advice Service should not duplicate (although it could influence and support). We identified some key areas where provision was low or absent. We looked at each of these in turn with the panel to confirm that the gaps were indeed the right ones for us to focus on.

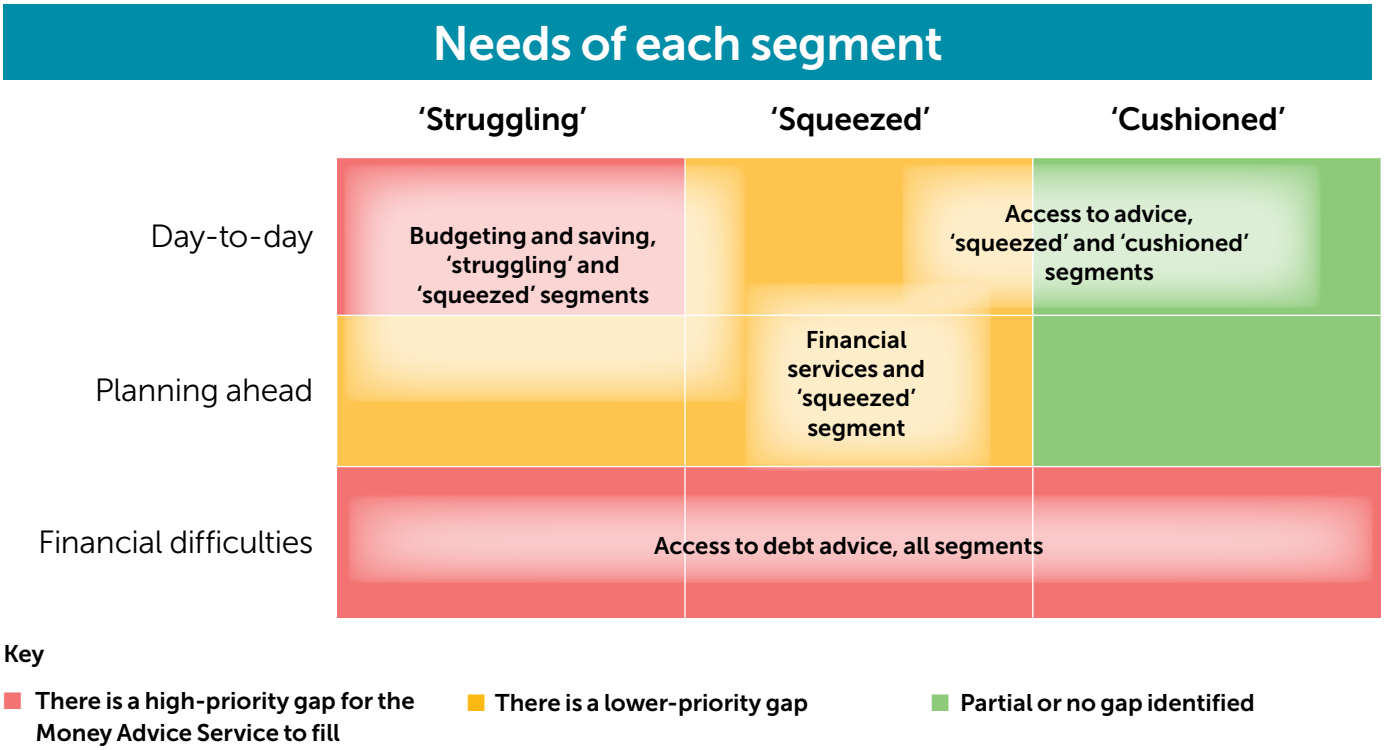
The gaps we have identified

Having established segments with clear characteristics, we then used the Financial Capability Survey for the UK, which was completed in June 2015 with more than 5,000 people, to work out where the most important needs were for each segment.

The partners in the UK Strategy had helped us prioritise financial actions and behaviours into three key domains: managing money well day to day; planning ahead and dealing with life events; and dealing with financial difficulties.

We analysed consumer behaviours within the segments and across these three domains, considering how much people might stand to lose if not displaying positive financial capability behaviours.

Figure 5 – A simplified summary of where we mapped the key needs of each segment that are not being addressed by impactful provision at scale



This approach has led us to define the five aims explained below. Aim 1 concerns the overall system of money information, advice and guidance. Aims 2, 3 and 4 reflect the needs and gaps that we identified when considering the adult population. Aim 5 is about the next generation, as we support children and young people.

When we published the consultation version of this Business Plan, we consulted on a further aim – **'Working with financial services'** – which aimed to influence product and customer journey design within financial products. The aim was that products or customer journeys should increasingly contain 'nudges' that help people, especially those in the 'squeezed' segment, to budget, save and plan ahead. We think the evidence still shows that this is an important gap. However, some consultation respondents questioned how quickly and easily the Money Advice Service could become a credible influencer, and bring commercially useful insight to financial services concerning the 'squeezed' segment.

Given that our statutory existence only extends a further two years, and we always believed that working towards this aim was going to depend on building capability, knowledge and influence over a long period, in this final version of the plan we do not take forward a separate aim. However, the Steering Groups of the Financial Capability Strategy for the UK will undoubtedly consider the issues of products that enhance financial capability, and we expect to support them in these deliberations.

We therefore identified five aims from our consideration of the landscape and the gaps:

1

Delivering through others

To lead co-ordination of the many organisations that can contribute to improving financial capability through collective impact – creating a common understanding of problems and of ways to address them.

2

Earlier and wider access to debt advice

To support significantly more over-indebted people to access free, high-quality advice, as early as possible, to resolve their crises and build their long-term financial capability.

3

More people budgeting and saving

To help people most at risk from income shocks to manage their money well day to day and save more.

4

Improving access to guidance and advice

To fill clearly identified gaps in the guidance and advice landscape so that people get the help they need when taking financial decisions.

5

Widening and improving financial education

To improve the ability of children and young people to manage their money and take good financial decisions.

Aim 1: delivering through others

Our first aim is for the Money Advice Service to support partners in the Financial Capability Strategy for the UK to pursue their common goals.

As chapter 1 of this plan sets out, the Money Advice Service will provide much more than a secretariat. Our partners have asked that we supply deep customer and market insight; create effective communications between all parties about key priorities and about 'what works'; pursue experiments where particularly difficult problems need solving; and act as a 'matchmaker' for partnerships between organisations that can deliver joint projects to greater effect.

The governance structure for the UK Strategy is comprehensive, with a Financial Capability Board and a number of expert Steering Groups. These will all be needed to drive forward evidence gathering, deliberation, decision-making and action. We also intend to invest £7m working with external organisations to generate evidence of 'what works' through pilots, testing and learning. (Since issuing the consultation draft of our business plan, we have added £4m to the original £3m we dedicated to 'what works' – creating a total of £7m in 2016/17– by stopping activities that the Government has ruled out of scope for the new money guidance body.)

Within two years, we will want to demonstrate evidence of how to bring about substantial change among targeted groups of people. But we also need to show that participation in the UK Strategy will create ongoing benefits for partner organisations themselves, as well as for consumers and for the Money Advice Service.

Aim 1: Delivering through others

Our first 2016–2018 aim, from our analysis of significant gaps in the financial capability landscape, is: **to lead co-ordination of the many organisations that can contribute to improving financial capability through collective impact – creating a common understanding of problems and of ways to address them.**

For more information on how we plan to carry out this aim in 2016/17, see chapter 1 of this Business Plan, and chapters 8, 9 and 10 for our work in Northern Ireland, Scotland and Wales.

Aim 2: earlier and wider access to debt advice

Across people in all segments, it was clear from the Financial Capability Survey that they urgently need support when they get into financial difficulty. Although the proportion of over-indebted consumers within each segment is different, their attitudes towards too much debt do not differ nearly so much.

There are 8.2 million people whose debts are a heavy burden and/or have missed paying three bills in the last six months. Yet only 17% of those people seek any form of help. Given that free debt advice is available and effective, this is clearly a situation we should address. Our role unites preventative work with debt advice, and this means that we are in a very good position to build long-term financial capability for all clients receiving advice through our debt advice funding. Our new programme of work particularly takes up recommendation A7 of the Independent Review, that we should combine offline money guidance and debt advice, both by improving early intervention and by building people's financial capability during and after the receipt of debt advice.

Aim 2: earlier and wider access to debt advice

Our second 2016–2018 aim, from our analysis of significant gaps in the financial capability landscape, is: **to support significantly more over-indebted people to access free, high-quality advice as early as possible to resolve their crises and build their long-term financial capability.**

For more information on how we plan to carry out this aim in 2016/17, see chapter 2 of this Business Plan, and chapters 8, 9 and 10 for our work in Northern Ireland, Scotland and Wales.

Aim 3: more people budgeting and saving

The next notable need that we identified was clustered around budgeting and saving behaviours in the 'struggling' and 'squeezed' segments. The segments display different needs:

- **Budgeting:** people in the 'struggling' segment are more likely (57%) to say that they have a household budgeting system that they feel works well, when compared with those in the 'squeezed' segment (51%).
- **Saving regularly:** people in the struggling segment are less likely (43%) to save every or most months, when compared with those in the 'squeezed' segment (63%).
- **Savings 'buffer':** people in the 'struggling' segment are less likely to have three months' income or more in savings; but just 25% of people in the 'squeezed' segment (for whom it should be both more achievable and desirable) have such a savings buffer (19%).

From these data we conclude there is a pressing need to support people in both segments to manage their money better and to either start saving or save more, provided they can. We will focus on raising budgeting capabilities across both segments, and with focused messages relevant to segment and circumstances, look to trial different approaches to supporting people to save. Budgeting is the enabler that can encourage some people in the 'struggling' segment to begin a savings habit (especially when it is possible to combine it with income maximisation), and more people in the 'squeezed' segment to hold three months' income or more in savings. This is a very challenging problem and we expect a significant proportion of the £7m will be devoted to pilots to test different approaches in this space.

Aim 3: more people budgeting and saving

Our third 2016–2018 aim, from our analysis of significant gaps in the financial capability landscape, is: **to help people most at risk from income shocks to manage their money well day to day and save more.**

For more information on how we plan to carry out this aim in 2016/17, see chapter 3 of this Business Plan, and chapters 8, 9 and 10 for our work in Northern Ireland, Scotland and Wales.

Aim 4: improving access to guidance and advice

As of April 2016, the Money Advice Service has five direct-to-consumer channels that provide guidance about money matters and financial products:

- a website;
- webchat available through the website;
- face-to-face money advisers;
- a telephone service; and
- printed publications, including some required by regulation.

The Government has set out a principle that the new money guidance body will not have direct channels to deliver services, and will not have a consumer-facing brand – and will therefore not market its services.

The two-year task is therefore to agree:

- which guidance gaps will be left unfilled when these channels are closed
- and whether there are third parties who could fill those gaps – with or without assistance from the new body.

In 2016/17 we will take some key first steps in this process, which will in turn crystallise some of the decisions that will need to be made before 2018. They will be to:

- immediately stop all spending on customer acquisition (marketing). (We will however continue to serve people that come to our telephone, website and webchat services through unprompted demand, and will continue our statutory remit to publish key leaflets)
- consistent with this, close our face-to-face channel in October 2016 (which has high customer acquisition costs, as well as high costs to serve)
- agree with the Government which of our digital content and tools it would in principle like to see others retain and deliver – and begin to seek partners that could take charge of these assets.

Alongside these immediate steps, we will over the next two years help HM Treasury with its thinking about a commissioning model that provides an evidence-based approach to guidance gaps, looking not only at what our own channels provided, but at needs currently not met by any provider or channel.

Aim 4: improving access to guidance and advice

Our fourth 2016–2018 aim, from our analysis of significant gaps in the financial capability landscape, is: **to fill clearly identified gaps in the guidance and advice landscape so that people get the help they need when taking financial decisions.**

For more information on how we plan to carry out this aim in 2016/17, see chapter 4 of this Business Plan, and chapters 8, 9 and 10 for our work in Northern Ireland, Scotland and Wales.

Aim 5: widening and improving financial education

Our final aim is concerned with children and young people (aged between 3 and 18), and represents a different category of need and challenge.

Each new generation represents a potential fresh start, with people growing up better equipped to make the most of the freedom and choices that exist within our financial system.

A central part of our thinking in relation to this aim is about developing the evidence that good financial capability strengthens other skills prized by schools (and on which they are assessed). With the very large number of children involved, and the extreme pressures on curriculum time, our strategy will be centred on ensuring other players receive the evidence and providing them with motivation to act.

But evidence tells us that a high-quality financial education in schools (even though in itself a considerable challenge) is not sufficient to the task.

Financial education goes beyond the schools system. Children and young people need support and role models at home as well as at school; and help with the non-cognitive skills that we know impact financial behaviour later in life, such as self-control. Parents are key to providing children with the opportunity to see, learn, and experience money management on a daily basis. Yet as cash disappears, traditional opportunities for parents to teach their children about money 'in the moment' are reducing.

Aim 5: widening and improving financial education

Our fifth 2016–2018 aim, from our analysis of significant gaps in the financial capability landscape, is: **to improve the ability of children and young people to manage their money and take good financial decisions.**

For more information on how we plan to carry out this aim in 2016/17, see chapter 5 of this Business Plan, and chapters 8, 9 and 10 for our work in Northern Ireland, Scotland and Wales.

Figure 6 – Parliament has established three main statutory objectives for the Money Advice Service. This figure shows how we see the five aims contributing to each of our three statutory objectives (summarised)

Statutory objectives	1	2	3	4	5
to enhance the understanding of members of the public about financial matters	✓	✓		✓	✓
to enhance the ability of members of the public to manage their own money	✓	✓	✓	✓	✓
to improve the quality, availability and consistency of debt advice across the UK	✓	✓			

Key

1: Delivering through others

2: Earlier and wider access to debt advice

3: More people budgeting and saving

4: Improving access to guidance and advice

5: Widening and improving financial education

2016/17 programmes of work for each aim

Chapter 1: Delivering through others

The aim

Aim 1: to lead co-ordination of the many organisations that can contribute to improving financial capability through collective impact – creating a common understanding of problems and of ways to address them.

The new Financial Capability Strategy for the UK (or UK Strategy), launched in October 2015, sets out a ten-year vision for how organisations across government, business and the not-for-profit sector need to work together to help millions of people in the UK make the most of their money.

At the core of the UK Strategy is a framework for building the evidence on what really works in improving financial capability. It establishes how organisations across these sectors can contribute to building the evidence of what works, through robust measurement of the impact of activities designed to support financial capability, and sharing the results of that evaluation.

The UK Strategy underpins everything the Money Advice Service does. Its evidence and focal points enable us to be targeted, focused and efficient, and to add value across each of the other strategic aims. The UK Strategy aligns the entire Money Advice Service budget and activities.

The UK Strategy is based on the concept of 'collective impact' – that by working together in a co-ordinated way towards shared goals, all organisations can achieve much more than by working alone. The task for the Money Advice Service, therefore, is to build a community of interest taking actions to address long-term common goals, based on shared views of problems and shared methods of measurement. We will act as a vocal advocate for the views, activities and successes of this community.

We will also continue to add to the evidence base and generate insight into consumer need and how best to meet it, through ongoing research and analysis, and funding some pilots and impact evaluations. We will be investing £7m working with other organisations to evaluate the impact of existing financial capability interventions, and get new pilots under way that will further build the evidence base in 2016/17. This will help organisations across the financial capability community to use their resources to greatest effect in helping people to make the most of their money.

The UK Strategy identifies three 'behavioural domains' ('Managing money well day to day'; 'Preparing for and managing life events'; and 'Dealing with financial difficulties') – and four life-stages (Children & Young People; Young Adults; Working-Age People; and Older People in Retirement) where activity will be focused. See figure 7 on page 28 for the framework that explains this.

Many of the workstreams identified in subsequent chapters of this Business Plan focus specifically on issues relating to particular groups (although they may also have a wider application). This is in part a consequence of the customer segmentation outlined in the preceding section, and our conclusions about where the Money Advice Service can make the most difference or has the biggest role to play directly. It is important to note, however, that delivering the UK Strategy means considering needs and provision for all lifestages and factors covered by the UK Strategy, and we will continue to work closely with partners and through the relevant governance mechanisms (see pages 33–34) to drive forward the financial capability agenda across the population.

This chapter gives an overview of the UK Financial Capability Strategy, and how the Money Advice Service will use its resources in 2016/17 to start the journey of driving up financial capability and build strong foundations for implementation of the Strategy.

The influence of the UK Strategy on our work in 2016/17

The Money Advice Service's work in 2016/17 will contribute to the collective goals of the UK Strategy partners, by directing delivery that helps people to better manage their money and/or building the evidence base. So the remaining chapters of this plan set out how the Money Advice Service will be taking on major delivery tasks for key areas of the UK Strategy. Some highlights are:

Earlier and wider access to debt advice (see chapter 2)

In 2016/17 the Money Advice Service will focus on **early intervention and engagement in debt advice**. Many people who could benefit from debt advice do not realise that they can get the help they need free of charge. To raise awareness we will run a series of engagement pilots in conjunction with partners across the debt advice sector, aimed at targeted groups of over-indebted people. The evidence and learning from these will be shared with UK Strategy partners.

More people budgeting and saving (see chapter 3)

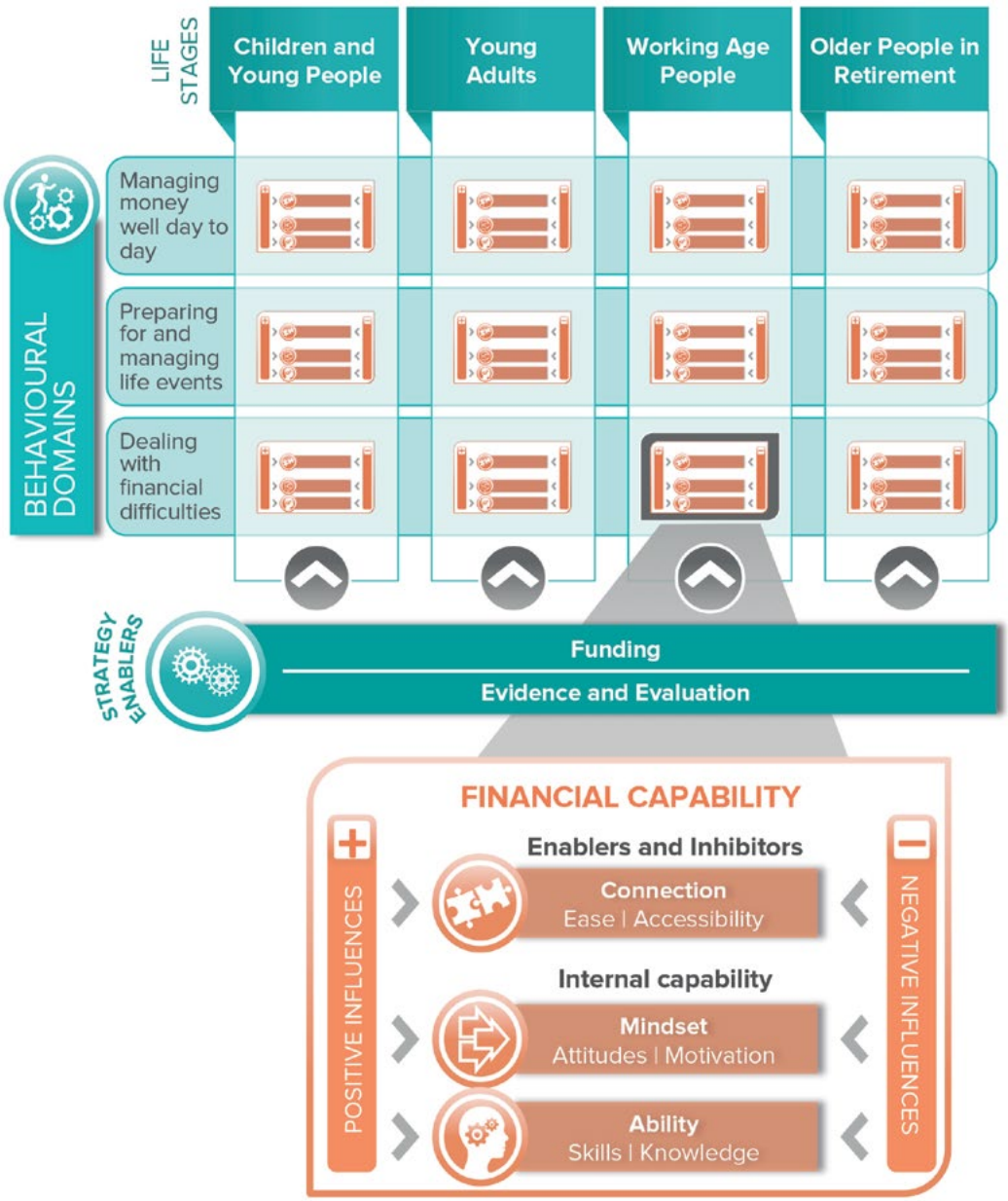
In 2016/17 the Money Advice Service will work with the Department of Work and Pensions to develop a **budget support tool for people entering the Universal Credit programme,** with the aim of supporting the first crucial period of transition from fortnightly to monthly benefits payment, and measuring what people do having received online support.

Widening and improving financial education (see chapter 5)

In order to gain a better understanding of the impact of financial education, we will conduct systematic reviews and statistical analysis of existing data. We will build on our own UK-wide Financial Capability Survey by **surveying 6,000 4- to 17-year-olds and their parents**. This work will ensure we have a robust statistical evidence baseline and help us understand in greater depth the factors that impact financial capability. This will be a foundational data set for the UK Strategy's thinking about children and young people.

We will also conduct detailed analysis using the **1970 British Cohort Study** to gain rich insight into the points at which different cognitive and non-cognitive skills start to make a long-term difference to adult financial behaviour, and which skills may be more important than others. This will benefit the evidence base for the UK Strategy no matter what age group is under consideration. It will enable the sector to tailor their interventions to include the skills that are most important at different ages, and also form the basis for calculating the social and economic benefit of financial education.

Figure 7 – The Financial Capability Strategy Framework



The framework divides the UK population into broad life-stages (columns) and clusters of key financial behaviours (rows)

The framework describes a financial capability model that can be used to diagnose problems and design provision relevant to each life-stage group and each cluster of key financial behaviours. Ease of connection, mindset and ability are the three critical components of financial capability.

Priorities in 2016/17

In 2016/17 our focus will be on following through the momentum generated by the launch of the UK Strategy, to create evidence of its impact between now and 2018. We will **continue to act as a centre of expertise and evidence on financial capability**, providing and championing use of evidence and insights about the impacts of poor financial capability, the benefits of investing in improving financial capability, what works, and opportunities to contribute effectively to driving up financial capability.

In order to do this we will build more – and more effective – partnerships across the sector; embed strong governance and oversight processes; and put resources into starting to build a strong base of evidence and analysis to inform the development of projects and initiatives aimed at boosting financial capability across the whole of the UK population:

- We will **establish and support governance mechanisms**, which will in turn provide guidance and leadership to the full stakeholder community on prioritising actions for each UK Strategy theme.
- We will work with research experts and the Financial Capability Board to **create a robust and credible set of success measures for financial capability**, including composite measures of abilities, and economic measures of return on investment, which can be used to measure progress in driving up financial capability over the ten-year lifetime of the UK Strategy.
- We will conduct a **deep dive of our financial capability survey where it relates to numeracy**, and alongside an international report on financial literacy to which we contributed, will **convene an expert roundtable to explore in more depth the inter-relationship between numeracy and financial capability**, including what implications this may have on policy developments in adult basic skills.
- We will develop, and promote widespread use of a full set of tools – such as the Outcome Frameworks and an Evaluation Toolkit – to **help organisations build robust evaluation of impact into actions aimed at supporting financial capability**, including a new outcomes framework specifically focused on older people in retirement. We will encourage many organisations to commit to applying robust evaluation and sharing the results, through commitment to the IMPACT principles (see box on page 32).
- We will **support funding for sector-leading, innovative and highly impactful initiatives** focused on maximising the benefit to people most in need of support (see box overleaf).
- We will **work with student money advisers in colleges and universities across the UK, and student advice websites**, to determine where gaps exist, and to ensure that their expertise is brought to bear in helping students to access the financial capability support that is available to them as the landscape for student funding evolves.
- With a similar approach to gap identification, we will **collaborate with online and offline youth advice agencies** that have a high natural reach and established professional practice for building the financial capability of young adults.

Working in partnership – to generate robust evidence about 'what works'

In 2016/17 we will **dedicate £7m to fund and evaluate programmes and pilots across the UK**, in order to deepen financial capability partners' collective understanding of what types of interventions will make a real difference to people's money management skills. This approach was welcomed by stakeholders in the consultation version of our plan and since then we are pleased to have been able to increase the funding available for it.

The core aim of this 'what works' funding will be to strengthen the evidence base, using consistent evaluation tools and outcomes measures, so that all organisations (including providers and funders) can benefit from a collective understanding of what's proven to work. Robust evaluation will be at the heart of this programme of work, and key insights and learnings from pilots or evaluation programmes will be disseminated across the sector.

In allocating this funding, we will be guided by the priorities already identified by the UK Strategy (across the UK and in each devolved nation) – so we expect to fund 'what works' projects across all life stages of the financial capability strategy. In particular we expect to direct this funding to address specific priority issues and questions that have arisen through the UK Strategy and our research. For example, some of the priority areas we are interested in exploring through pilot and evaluation projects include:

- **helping people with no financial buffer to develop a savings habit**
- **making the most of teachable moments to help children and young people develop money skills**
- **helping young adults transition to independent financial life**
- **exploring how the workplace can be used to improve financial capability and build pension savings**
- **and helping older people prepare for later life.**

This is not an exhaustive list and there will be other areas and innovative solutions that will be worthwhile exploring and developing. We will outline this in future guidance about this funding.

In meeting these challenges and building our evidence base, we are interested in testing new, innovative approaches to engage and help people and also in the evaluation of existing interventions that are designed to help people improve their financial capability. A key aspect of this funding programme will be to consider the scalability of interventions, sharing insight on the cost and benefit of adopting certain interventions at a larger scale.

We will release further information on eligibility, key priorities and the application process shortly and we expect interested organisations to be able to bid for funding by the end of June.

Evidence and evaluation

In order to drive collective impact it is important that initiatives are rigorously evaluated for their impact on financial capability so that researchers, prospective funders and those involved in delivering financial capability initiatives collectively build up a clear picture of what works. Once this is known, funding and other resources can be best invested to achieve the greatest impact in helping people who need financial capability support.

We also need to continue to build understanding of where people's need for support is greatest, where action can have the most impact in improving financial capability and which benefits flow from it. We are developing a specific outcome framework for older people, recognising that although older people come within the segmentation model described in 'the landscape and the gaps' (pages 8–24), they have distinct financial capability needs.

The Money Advice Service has developed an **Evidence Hub** to bring together evaluation evidence and analysis of financial capability initiatives in the UK and worldwide. Initiatives are assessed for their effectiveness in improving financial capability, and also for the standard of evidence. We will continue to gather this evidence and share it across the financial capability community through the Financial Capability website.[5]

Through our role in co-ordinating the UK Strategy, we will **encourage stakeholders to use robust and consistent impact evaluation techniques and to share the results of evaluation**. We will continue to refine the Evaluation Toolkit we have developed, and work with organisations across the financial capability community to encourage and support widespread and effective application to build the evidence on what works.

5. fincap.org.uk

Make an IMPACT: principles for financial capability funders and providers

The Money Advice Service is seeking sector leaders to join its mission to improve the financial capability of people in the UK. The IMPACT Principles support this mission by raising awareness about good practice in carrying out evaluation and using evidence. We have a simple ask: that organisations implement the following IMPACT Principles in relation to one or more of their financial capability programmes.

Impact champion

You consider evidence and evaluation at every stage of commissioning and delivering financial capability programmes, and champion the approach to others.

Mind the gap

When making decisions about the programmes you fund or deliver, you take into account the 'gaps' both in current provision and knowledge about what works.

Properly resource it

You allocate sufficient resources to evaluation to ensure it is high quality and reliable, and ensure the scale remains proportionate to the programme in question.

Add to the wider evidence base

You are committed to sharing learning about what has worked – and what hasn't – from the evaluation of your programmes through the Financial Capability Evidence Hub.

Consistency when measuring outcomes

You use the financial capability outcome frameworks when developing new programme evaluations, if possible. This will improve consistency in the way the sector measures impact and enable stronger conclusions about the most effective means of improving people's financial capability.

Take time to understand the results and their implications

You make learning from, and acting on, the lessons from evaluation a priority – to ensure you continuously improve the programmes you fund, design and deliver.

In return for signing up, we hope that you will benefit from:

- Positioning as thought leaders, asserting your key role in delivering the UK Strategy and raising the financial capability of the next generation.
- Publicity through relevant UK Strategy communication channels, including the UK Strategy website, press releases, activity reports, and high-profile events.
- Increased brand recognition for your social impact, making it easier to demonstrate your commitment to funders, shareholders, the Government and regulators.
- Access to evaluation and policy support from the Money Advice Service.

For more information, contact whatworks@fincap.org.uk or download the relevant information from fincap.org.uk.

Governance

The implementation of the UK Strategy will be overseen by the Financial Capability Board and by a number of Steering Groups, which will bring together organisations across the sectors to use their combined expertise to guide the financial capability community in focusing resources on implementation of key UK Strategy themes and priorities. These groups will ensure that work continues to be guided by stakeholders across sectors and that the organisations involved in implementing the UK Strategy have a strong voice in how activity is prioritised and organised.

The Money Advice Service will **participate directly in these groups and will also have an important role in supporting their work**. This will include providing **high-quality advice** and analysis to inform their decisions, and acting as a **secretariat to the Board and the Steering Groups**.

The Financial Capability Board

The Financial Capability Board will oversee the continuing development and implementation of the UK Strategy, seeking to influence others to support it. They – along with the Money Advice Service and Steering Groups – will guide and co-ordinate efforts aimed at driving up financial capability, and will champion the UK Strategy. The Board is made up of senior and influential figures from a range of sectors, and will be supported by the Money Advice Service.

Andy Briscoe
Chairman
Money Advice Service

Benny Higgins
CEO
Tesco Bank

Caroline Rookes
CEO
Money Advice Service

Christopher Woolard†
Director of Strategy and Competition
FCA

Eleanor Marks
Deputy Director of Communities Division
Welsh Government

Gwyneth Nurse†
Director of Financial Services
HM Treasury

Hector Sants
Chair
Archbishop's Task Group, Step Change Debt Charity

Jackie Kerr *
Business Regulation - Support
DETI NI

Jasper Berens
Head of UK Funds
JP Morgan

Lily Lapenna
Founder & Co-Chair of Trustees, MyBnk

Louise Macdonald
CEO
Young Scot

Otto Thoresen
Chairman
NEST

Steve Webb
Director of Policy and External Communications
Royal London

Professor Elaine Kempson
Emeritus Professor
University of Bristol

Roger Sanders
Managing Director
Lighthouse Group plc

Sian Williams
Head of National Services
Toynbee Hall

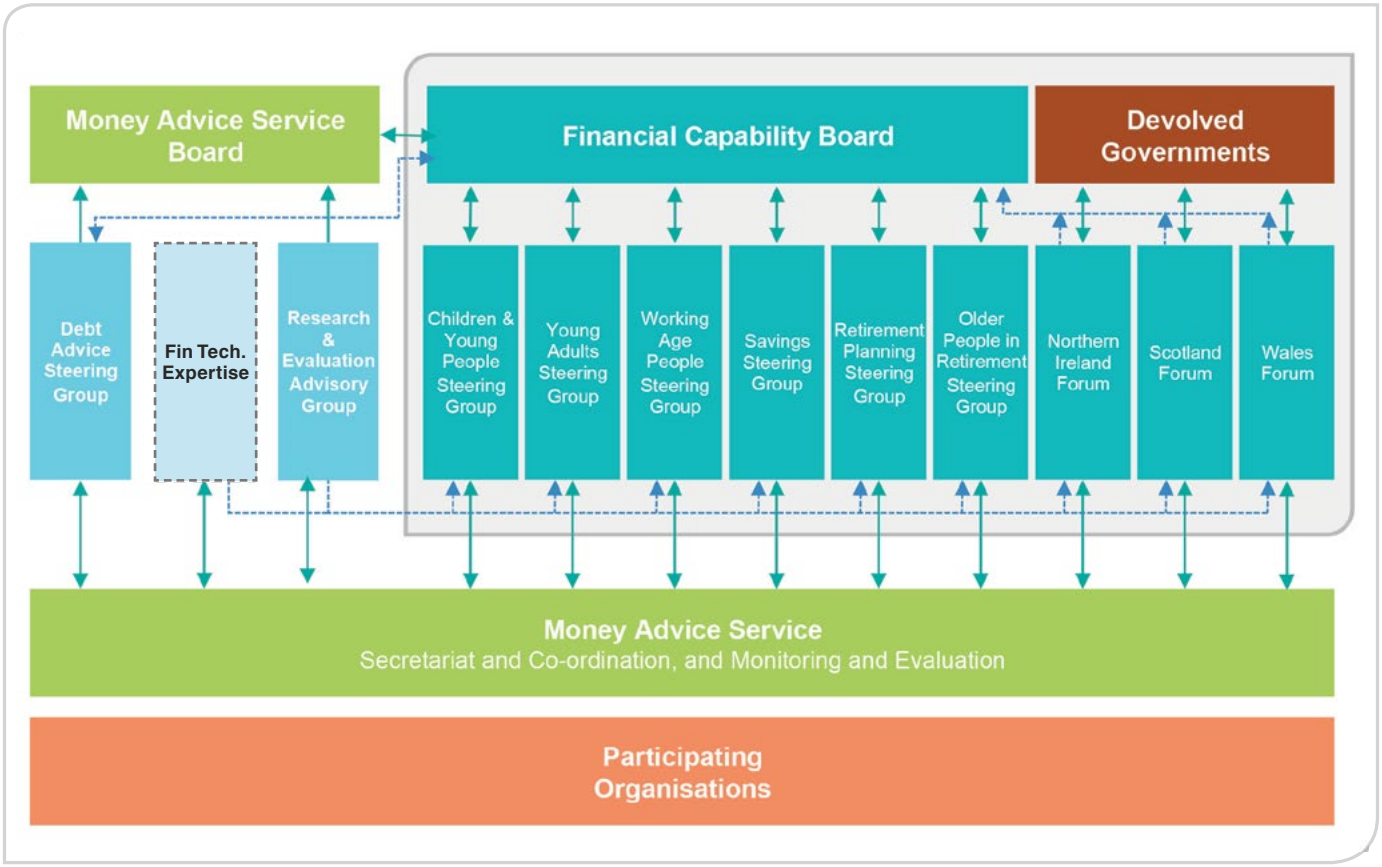
Sir Sherard Cowper-Coles
Senior Adviser to the Group Chairman & Group Chief Executive
HSBC

Steve Pateman
Executive Director, Head of UK Banking
Santander

Tom Wright
CEO
AgeUK

†*Observers* **Until May 2016*

Figure 8 – The Financial Capability Strategy Governance & Delivery Framework



Chapter 2: earlier and wider access to debt advice

The aim

Aim 2: to support significantly more over-indebted people access free, high-quality advice as early as possible to resolve their crises and build their long-term financial capability.

There is a significant need for debt advice. We estimate that 8.2 million UK adults suffer with over-indebtedness, with younger adults, larger families and single parents noticeably at higher risk – but fewer than one in five of them actively seeks advice.

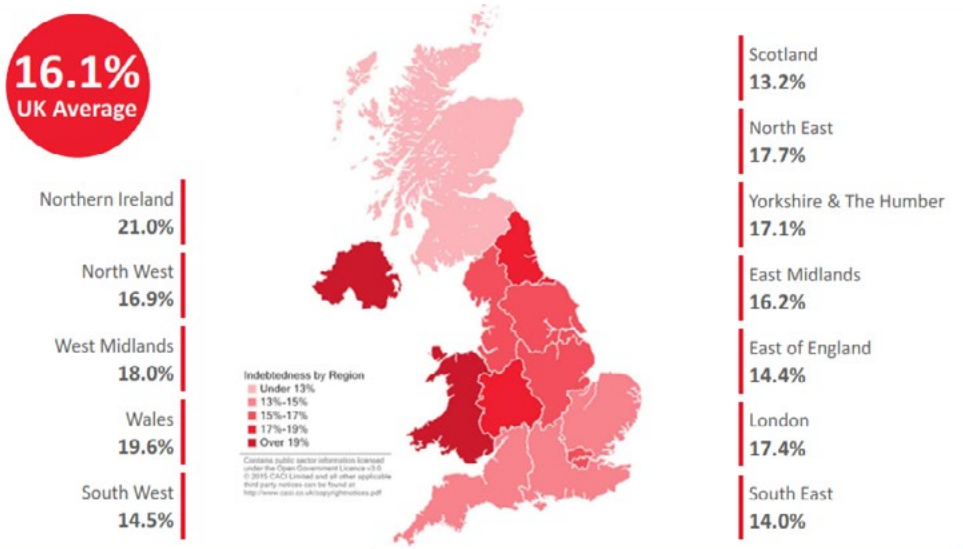


Figure 9 - On average across the UK, 1 in 6 adults is over-indebted, and there are significant regional variations

Our funding helps us to meet a significant proportion of the overall demand. In 2015/16 we exceeded our target to provide free debt advice to more than 370,000 people through our existing partners across the UK.[6] We are **looking to increase debt advice sessions we fund further in 2016/17 to 425,000** by commissioning new telephone advice capacity to commence in Q3, from telephone advice providers already active in the sector. This new telephone capacity will be available to assist an increased number of over-indebted people we are looking to **engage earlier with debt advice**.

As well as expanding provision through our own funded projects, our Quality Framework provides assurance that clients receive a **high standard of advice**. There are now 670 debt advice delivery organisations that hold one of our accredited quality standards and we will **further grow this number over 2016/17** to increase the number of over-indebted people that have access to advice accredited by the Money Advice Service.

6. In England and Wales our partners include: Citizens Advice; the Money Advice Trust; Talking Money; East Midlands Money Advice; Capitalise; and the Greater Merseyside Money Advice Partnership. We are also working with strategic funding partners – the Department of Enterprise, Trade and Investment (DETI) in Northern Ireland, and the Scottish Legal Aid Board (SLAB) in Scotland.

Our current grant agreements in England and Wales come to an end in September 2017, and we will, with HM Treasury and the Financial Conduct Authority, agree suitable plans to fund advice services across England and Wales when those agreements come to an end. We will continue to focus our funding to respond to areas of greatest need across the UK and in Northern Ireland our funding will help more than twice as many people in 2016/17 compared to 2015/16.

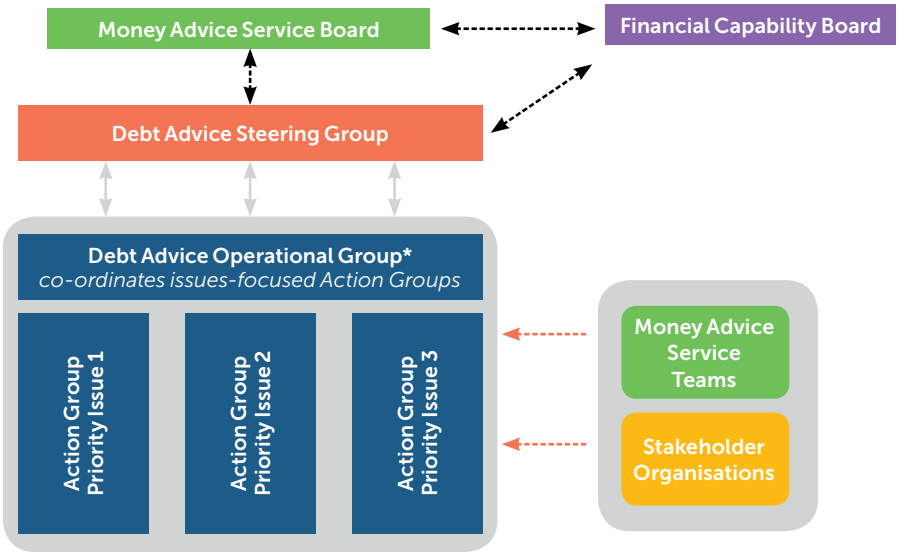
Co-ordinating the debt advice sector

The Money Advice Service will continue to meet its role as a thought leader in the debt advice sector and in 2016 we will commission a series of **research projects** developed with stakeholders to understand:

- **the effect of debt advice over time** on over-indebted individuals
- **the social return on debt advice** – building on the research conducted by StepChange Debt Charity
- **the impact of macroeconomic factors** on levels of over-indebtedness.

In June 2015, a new Debt Advice Steering Group (DASG) met for the first time, in response to a recommendation of Christine Farnish's Independent Review of the Service. The DASG brings together influential stakeholders from banks, other creditor organisations and the advice sector. It will provide high-level oversight and co-ordination to our work across the sector to build on that success. We will **provide the secretariat support for DASG, along with a new Debt Advice Operational Group (DAOG), and a series of action groups**, as they work through the emerging priorities. This framework embodies the collaborative approach that we continue to take to deliver our statutory role.

Figure 10 – How we are helping to co-ordinate the debt advice sector through communication and governance.



** Replaces Debt Advisory Forum*

Key

- Reporting lines
- Members drawn from
- Feeding into/two-way communication

Early intervention and engagement

Put simply, the earlier people seek advice on their financial problems, the easier it is for debt advice to help them. Yet currently fewer than one in five over-indebted people actively seeks advice, and they usually leave it more than a year to do so. We need to change this. 2016/17 will see a major focus on early engagement.

Many people who could benefit from debt advice do not realise that they can get the help they need free of charge. To raise awareness we will **run a series of engagement pilots in conjunction with partners across the debt advice sector**, aimed at targeted groups of over-indebted people.

We will continue to work with a range of **creditor organisations** – such as financial services and utilities firms, and social landlords – to identify people who are struggling to keep up with payments. We will also seek to work with **credit reference agencies**, using the information they hold to help people who are over-indebted but not seeking advice.

There are many reasons – practical and psychological – why people do not seek debt advice. Working with partners in the sector, we will **test a series of interventions** aimed at giving over-indebted people the support they need to break down those barriers and encourage them to access the help available.

We know that people in debt often feel isolated and embarrassed, and that they are fearful of being judged. To help combat these effects we plan to **pilot peer-to-peer support initiatives** to test improved awareness of the benefits of debt advice and increase engagement.

Effective and efficient delivery of debt advice

High-quality debt advice works. In the projects we fund, more than three-quarters of clients succeed in reducing their debts within six months of receiving advice.

We want to see more over-indebted people getting the advice that will help them get their debts under control; and to continue to improve standards, both in our own funded services and by working with other funders and providers across the sector. Clients need to be confident of receiving a good service, wherever and however they choose to access advice.

We will proceed within our quality and monitoring frameworks while seeking input from debt advice providers and creditors on monitoring and evaluating the outcomes of debt advice. We are mindful that *Public Financial Guidance Review: proposal for consultation* challenged us to reduce burdens on contractors, by use of 'smarter' contracting models.

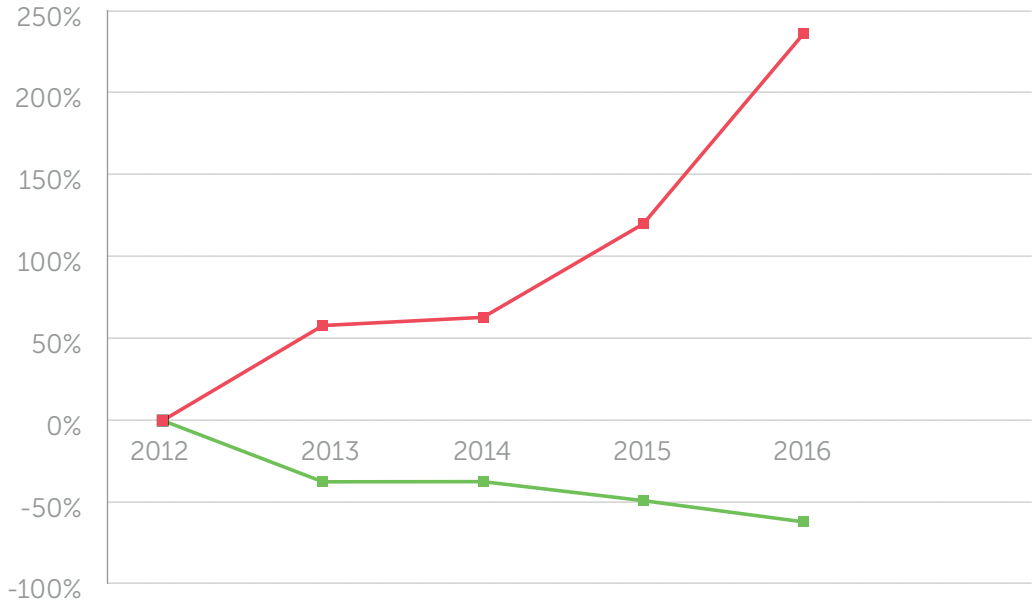
We will **progress the implementation of our peer review scheme**, and we will **spread best practice** by allowing advisers and providers to benefit from the insights of other experienced practitioners.

In conjunction with stakeholders – and in particular with StepChange Debt Charity and the Money Advice Trust – we have developed a **'Standard Financial Statement'** (SFS) to present in an agreed format all the necessary information about a client's income and expenditure. We will begin to roll this format out throughout 2016/17 with a view to its being in place across the sector the following year. We are also working with the Insolvency Service, the Financial Conduct Authority, and with the Accountant in Bankruptcy (AiB) in Scotland to embed the format in their statutory approach.

The insight from the first full year of our grant agreements in England and Wales has shaped the objectives we require to be met in **new grant agreements we will put in place in April 2016 for Northern Ireland**.

Since 2012 our debt advice funding has helped more people year on year and with our partners we have reduced the per client cost of that advice. In 2016/17 we will **help 55,000 more over-indebted people** access free debt advice through the projects we fund across the UK, compared to the number we funded in 2015/16.

Figure 11 – Debt advice sessions have risen, while the cost per session has fallen – all while maintaining a consistent quality standard.



Key

- **Cumulative % change in cost per client since 2012**
- **Cumulative % change in clients helped (England + Wales) since 2012**

Improving clients' financial resilience

We should always welcome people seeking help and support whenever they find themselves in financial difficulty. But by helping them take control of their finances, we can reduce the likelihood that they will need to return to debt advice repeatedly. We want to see more debt advice clients getting the support they need to build their long-term financial resilience.

We will work with our partners to identify opportunities to **'lock in' this support at specific stages of clients' debt advice journeys**. This could include exploring the possibility of clients having guidance geared towards improving their financial capability as a clear part of entering particular arrangements with creditors, building on the existing provision of the Debt Arrangement Scheme in Scotland.

We will explore the potential for **digital forums and other forms of peer-to-peer groups** for providing ongoing support to clients who have had debt advice. We will also conduct research to **understand better why some clients are more likely to return to debt advice** and whether there are patterns of behaviour that can help inform future work.

Chapter 3: more people budgeting and saving

The aim

Aim 3: to help people most at risk from income shocks to manage their money well day to day and save more.

Our 2015 Financial Capability Survey has underlined a persistent and well-documented issue: 30% of working-age adults have no savings at all and only 26% have the equivalent of three months' (post-tax) income.

Even a small amount of savings can provide a crucial buffer against financial shocks, helping people meet unexpected costs and avoid unnecessary or inappropriate use of credit. Over time, a regular savings habit can be a route to achieving financial goals and long-term financial security.

Through this aim, we will partner with organisations to reach working-age adults in the 'struggling' and 'squeezed' customer segments. Although people in all life-stages and segments can benefit from more effective budgeting and saving, our strategic aim is primarily focused on working-age people who are most at risk of income shocks and who currently lack the financial resilience to withstand them.

While most people understand in principle that it is desirable to save more, many feel they have no capacity to do so as they are already struggling to make ends meet. As a result, they do not respond well to messages that involve simply telling them they need to save more.

The evidence shows that people are more likely to save regularly if they have future-focused attitudes or have set themselves specific goals and plans. Research into financial capability has repeatedly underlined the importance of a savings buffer for financial resilience and for improving financial capability. Our analysis of the Financial Capability Survey 2015 found that 'not feeling in control over day-to-day finances' acted as a barrier to saving – so changing people's feelings of control, at least for particular groups, is an important precursor to developing a savings buffer.

A rounded view of budgeting and saving includes consideration of the management and paying down of debt. For particular people at particular times, continuing debt may be helpful; others will be better off if they pay down debts rather than prioritise saving. We will link our messaging and learning against this aim with everything we do in the debt advice work described in chapter 2.

While a number of previous pilots, mechanisms and projects have tried to increase savings rates, the challenge of effectively evaluating the impact these have on consumer behaviours means there are no easy or obvious ways to engage consumers in saving and increase savings habits. However, many organisations are interested in identifying solutions. For instance, the Investment Association has helpfully identified catalysts, clarity and accessibility as issues that need to be addressed to improve the UK's savings culture.

Our work will of course take into account any developments from the Financial Advice Market Review regarding 'rules of thumb' for savers.

Life Chances Strategy

There is a significant opportunity to work with partners across Government on helping people at risk of income shocks to save. In January 2016, the Prime Minister announced the Government's commitment to publish a Life Chances strategy to set out a clear plan to extend opportunity. As part of Budget 2016, the Government announced 'Help to Save', a matched savings initiative aimed at people on lower incomes that will come to market for April 2018. Through this aim we will work with partners in Government and across the financial services Industry to share insights and learning to feed into 'Help to Save' and the wider work of the Life Chances Strategy in building financial resilience.

Making saving more easily accessible

Research suggests that savings habits can be built, and increased over time, and that they can reduce levels of stress triggered by financial shocks or difficulties. However, the difficulty of disentangling the impact of specific interventions or mechanisms on savings behaviour means the evidence about what works in encouraging savings is very limited. There is no obvious single route to success.

To understand what will be effective, we will work with partners to explore several different approaches to make it easier for the 'struggling' and 'squeezed' segments to save. Our work on the UK Strategy has identified savings intervention as a key gap. Therefore testing effective approaches to helping people to save will be a top priority for the working-age adults strand of the £7m funding to test 'what works'.

We will work with partners in the financial services industry and wider stakeholders to **design and undertake evaluated pilots of one or more mechanisms intended to make it easier for people to save, aiming to publish our results and learning by the end of 2016/17**. This will include building **partnerships with employers**. With these employers, we will understand enablers and barriers to maximising the effectiveness of workplace savings schemes, and explore easier access routes for employees motivated to save.

Supporting Universal Credit claimants

The move to Universal Credit (UC) brings important changes for claimants. Many will have to manage transactions through a bank account for the first time and adapt to monthly (rather than weekly) payment and budgeting.

Alongside these significant challenges, the rollout of UC presents opportunities to test interventions aimed at improving people's financial resilience. By integrating interventions into wider services, more people are likely to be reached.

We will work closely with the Department for Work and Pensions (DWP) to **develop and trial develop a budgeting tool for Universal Credit claimants**. With involvement and support from DWP we will pilot this tool in job centres, and evaluate its use. And we will continue to refine this content to ensure it meets claimants' needs.

This will include:

- helping claimants manage the transition to single, monthly payments through current accounts, including information around Basic Bank Accounts;
- guidance on keeping track of spending and prioritising bills, such as rent payments;
- and working with DWP and others on **embedding money management into the Youth Obligation** as this policy develops in time for April 2017 for young UC claimants.

Chapter 4: improving access to guidance and advice

The aim

Aim 4: to fill clearly identified gaps in the guidance and advice landscape so that people get the help they need when taking financial decisions.

Millions of people each year need help and advice to make good financial decisions. Making sure people get the help they need has been a central challenge of our work. As part of a multi-channel proposition, our channels reached different groups of consumers and supplied them with information designed to help them understand money matters and take better financial decisions. The Government has now set out a principle that the new money guidance body will not have direct channels to deliver services, and will not have a consumer brand – and will therefore not market its services.

Over 2016/17, we will develop or change our channels as outlined below. We will follow a key principle, which is that until April 2018 we will meet natural demand that arises for our services, but we will not market our services to acquire new customers. This is in line with the future direction of travel towards the new body.

Plans for our channels

Our public-facing website: moneyadviceservice.org.uk

This has a natural demand from millions of people. 91% say they would use it again. It has a continuing role in meeting our statutory objectives, so we will aim to maintain the same high level of engagement and satisfaction.

However, we will be stopping all paid customer acquisition for the website and we will be significantly reducing blog and social media activity. We will also close down our customer relationship marketing programme.

We will aim to make sure each visit to the website is engaging, and that we make it as easy as possible for each visitor to access the guidance they need. Based on our analysis of what people need and on their feedback, we will make our digital offering more relevant and accessible to people in the 'squeezed' customer segment.

We will focus content development on the two key areas that the Government has asked us to work on:

- We will build a **tool to support Universal Credit recipients in budgeting and saving** (see chapter 3).
- In line with our duties under the Payment Accounts Regulations 2015 (implementing the EU Payment Accounts Directive), we will **develop an online tool to allow for easy comparison between the fees charged for a range of services by banks and other payment account providers**. (We will also work with partners to increase awareness of the availability of Basic Bank Accounts among hard-to-reach groups.)

We will continue to ensure the **content on the website is factually accurate** and informs consumers about regulations that apply to financial products they might buy.

All told, we estimate that we will, without spending anything on marketing, still serve around 15 million contacts with people during the course of 2016/17, as opposed to the approximately 26 million we served in 2015/16.

Around the time of the Chancellor's Autumn Statement, we expect the Government to express a view on which content and tools from this channel, and perhaps others, would be productively transferred to other providers who can deliver them under their own brand. When this is known, in step with the broader transition programme to the new money guidance body we will **begin to seek the right partners to provide homes for tools and content.**

Our telephone service: 0800 138 7777

This has a natural demand of around 105,000 callers per year. It has still higher user recommendation: 93% say they would use it again. We will **continue with our current reprocurement process, designed to lower the cost of each call and raise the quality of our offer still further.** The contract we sign will have an end date of April 2018. We will continue to measure the outcomes of calls by a follow-up survey checking which actions people have taken in the months following their calls.

Webchat available through our website

We serve webchats by means of our telephone contact centre operators at a level of about 35,000 webchats per year. Demand is linked to the volume of visits to our website. We would expect to continue to serve a natural demand of about 24,000 webchats per year in line with visits to our website.

Face-to-face money advisers

In the consultation version of this Business Plan, we proposed to **close this service in October 2016 in line with recommendation A7 of the Independent Review,** recognising that the cost to acquire customers and the cost to serve them were both high. We will go ahead with that plan. We will also **invest money from the 'what works' fund to enhance the capacity of existing face-to-face money adviser networks** in a way that disseminates and builds evidence.

Printed publications, including some required by regulation

We continue to experience demand for around 30 publications at the level of around 500,000 copies per year from the financial services industry and other distributors. We will continue these in 2016/17 and will discuss their future with HM Treasury and the Financial Conduct Authority as part of transition.

Developing the gap-filling approach

The changes outlined above will crystallise some of the decisions that will need to be made before 2018. As we reshape our service in line with the principles for the new money guidance body the task will be to agree:

- which guidance gaps will be left unfilled when all these channels are closed; and
- whether there are third parties that could fill those gaps – with or without assistance from the new body.

Alongside these immediate steps, and in tandem with the progress of legislation about the new money guidance body progressing through Parliament, we will begin to develop with HM Treasury and the FCA a **commissioning model that provides an evidence-based approach to guidance gaps**, looking not only at what our own channels provided, but at needs currently not met by any provider or channel. This will of course take into account any developments from the Financial Advice Market Review, which, by making the regulated advice boundary clearer, may encourage industry or the third sector to provide more guidance.

Our thinking about commissioning money guidance will also take up the suggestion in *Public Financial Guidance Review: proposal for consultation* that apps for smartphones could be a significant method of engaging and supporting consumers.

Chapter 5: widening and improving financial education

The aim

Aim 5: to improve the ability of children and young people to manage their money and take good financial decisions.

The Money Advice Service champions the view that what people see, learn and experience during childhood and adolescence has a profound effect on how they manage their money as adults. If we can support children and young people so that they receive a financial education that works, this will change how they manage their money as adults. By instilling good habits from the start we can significantly reduce people's likelihood of becoming over-indebted and instead help them flourish in their money management.

Future financial attitudes are formed at a young age, but few interventions are targeted at children. The ages of 17 and 18 are another priority moment as this is the prime time for learning money skills before entering adult life. Vulnerable children and young people such as care leavers, young carers, 'NEETs'[7], and those outside mainstream education are more likely to be affected by low financial capability, and can also be the most difficult to engage.

The UK Strategy ambition is for all children and young people to receive financial education that works by 2025. By 2020 the UK Strategy partners intend to be able to define a range of interventions with evidence that they work over the long-term; for these interventions to be scaled up; and for a more sustainable funding model to be in place with existing funders supported – and new funders on board, persuaded by the impact of financial education on a range of adult outcomes.

In 2016/17 our work will focus on developing the intelligence needed for funders and commissioners across the UK to make informed spending decisions, widening the delivery of financial education through engaging new funders and providers, and supporting the existing financial education sector into raising their impact.

To do this we will develop a more detailed understanding of existing need and provision, develop the evidence base of effective approaches, deliver capacity-building programmes for the sector, and deliver outreach programmes to bring new partners on board.

Our priorities for building the evidence base will revolve around a combination of target groups, messengers and outcomes:

- **target groups**: children of primary school age, 16- to 17-year-olds and vulnerable children and young people
- **messengers**: parents, and schools / teachers
- **outcomes**: financial attitudes, financial skills, and other outcomes such as educational attainment and employability.

We are interested in both experimentation and models that could be delivered at scale.

Evidence suggests parents are the primary influence as financial capability develops. Parental engagement also provides the opportunity to change adult financial behaviour through using children as the messenger.

7. A young person who is 'Not in Education, Employment, or Training'.

Schools and colleges provide an opportunity to reach a large number of children and young people at scale. Although financial education is featured in varying degrees through the differing curriculums across the UK, evaluations of the effectiveness of financial education in schools have so far been mixed, and busy schools need a compelling case for why and how they should deliver financial education, in the face of many other competing demands. In the light of the time and attention pressures we face when we make the case for financial education in schools, the increasing diversity of funding and control in the schools sector provides extra challenges, but also opportunities.

Understanding the long-term impact of financial education

We will build on our own UK-wide Financial Capability Survey by **surveying 6,000 4- to 17-year-olds and parents**. This work will ensure we have a robust statistical evidence baseline and help us understand in greater depth the factors that impact financial capability. We will follow up with the 16- to 17-year-olds in one year's time to understand what financial decisions they are taking and whether the financial capability they had one year ago could predict this.

We will conduct **detailed analysis using the 1970 British Cohort Study**[8] to gain rich insight into the points at which different cognitive and non-cognitive skills start to make a long-term difference to adult financial behaviour, and which skills may be more important than others. This will enable the sector to tailor interventions to include the skills that are most important at different ages, and also form the basis for calculating the social and economic benefit of financial education.

In 2015/16 we began **'Talk, Learn, Do'**, a major three-year parenting pilot with Big Lottery Wales, the Welsh Government, Family Links Nurturing Programme and Incredible Years. During 2016/17 we will **expand this programme into schools and involve more local authorities**. The pilot aims to understand the longer-term impact of helping parents to build financial education into their daily activities with their children. It will follow families one year after the intervention has taken place and measure any changes in both the child's and parent's financial capability.

Co-ordinating financial education in schools

This year, in response to a recommendation from the Independent Review, the Money Advice Service took on responsibility for co-ordinating financial education in schools across England. In devolved countries we continue to work with education departments to support a co-ordinated approach to financial education.

In partnership with the Education Endowment Foundation (EEF) we will **fund a randomised control trial of Young Enterprise's 'Maths in Context' programme**. This trial will involve 10,000 pupils in 130 English schools and will produce the most robust evidence yet of the impact of a financial education intervention in the UK.

We will **identify opportunities to raise the profile of financial education across the UK and to enthuse teachers into conducting their own experiments in the classroom**, including by presenting at the ResearchEd National Conference in September. ResearchEd is a popular network led by teachers for teachers with an interest in research, and attracts over 1,000 attendees from across the UK and internationally.

8. The 1970 British Cohort Study (BCS70) follows the lives of more than 17,000 people born in England, Scotland and Wales in a single week of 1970. Over the course of cohort members' lives, the BCS70 has collected information on health, physical, educational and social development, and economic circumstances among other factors. The BCS70 is managed by CLS and funded by the Economic and Social Research Council.

We will continue to **fund and support the inquiry by the All-Party Parliamentary Group (APPG) on Financial Education** into the implementation of financial education in schools (focused on schools in England). The report is due to be published at the end of May 2016 and we will work closely with the APPG to support the implementation of the inquiry's recommendations.

We will work with Young Enterprise to **build evaluation into the pfeg quality mark process**. This will ensure that all resource providers who seek to obtain the quality mark will be supported by the Money Advice Service to develop a theory of change and evaluation plan, and will not be awarded the quality mark unless they have satisfied these requirements. Reassessment for renewal of the quality mark, every two years, will include reviewing how evaluation findings have been taken into account in the resource's development. This should help build the evidence base, encourage providers to learn from evidence, and will involve the evaluation of approximately 45 resources a year.

Helping others to increase their impact

During 2015/16 we have hosted a series of summits bringing together the main funders of financial education initiatives. Funders have requested we take a leadership role in monitoring and analysing existing provision in order to recommend priority delivery gaps. In 2016/17 we will begin to **collect data more systematically from funders and providers**, and will share this analysis through guidance for IMPACT signatories, the relevant UK Strategy Steering Groups and other channels. The data we will collect will include information about reach, target populations, intended outcomes, and methods of delivery.

We will continue a programme of work to **help not-for-profit providers build their internal evaluation capacity**. This support package will enable providers to measure more consistently the impact of their interventions and use this insight to improve the effectiveness of their provision.

Reaching vulnerable children and young people requires special consideration, as they may not be best served by interventions that take place through the traditional routes of schools, colleges, or via their parents. By developing relationships with the wider children and young people's sector we will **improve understanding of the unique financial education needs and barriers faced by particularly vulnerable children and young people**. We will use this information to identify gaps in provision, ensure interventions respond to these needs effectively, and to inform future work with local statutory services to build financial capability into relevant services and interventions, such as teams around the family, and equivalent services in Northern Ireland, Scotland and Wales.

Finally, we will work with providers, social investors and intermediaries to **investigate whether innovative models of funding, such as Social Impact Bonds**, could be used to fund and scale financial education interventions on a more sustainable basis.

Impact and budgets

Chapter 6: measuring our impact

Our ultimate goal is to impact the financial capability of many millions of people across the UK population. We expect this goal to be shared by the new money guidance body. We have therefore divided our KPIs into three different kinds:

- those that already measure **impact on consumers at scale (I)**
- those that represent key **stepping stones (S)** on the path towards impact on consumers at scale; these may be of assistance to the new money guidance body in forming its future KPIs
- and ongoing proxy measures for **quality or influence (Q)**.

Aim	No.	Type	KPI	Comments
Aim 1: delivering through others	1.1	S	**For each of the 10 themes of the Financial Capability Strategy for the UK, we will agree priorities with the relevant Steering Group and establish an action plan with clear accountability, including the design and delivery of pilots.**	The steering groups are designed to drive forward the collective impact priorities of the Financial Capability Strategy for the UK in specific areas. In order to achieve this KPI we will have to successfully run governance, provide the steering groups with evidence, and encourage partners to commit.
	1.2	S	**We will maintain and expand the Evidence Hub, so that by Autumn 2016 it will incorporate other types of evaluation and research – both qualitative and quantitative – as well as quantitative impact evaluation.**	The Evidence Hub is the essential means for disseminating the insight and evidence generated in the above activities.
	1.3	Q	**At least 30 organisations (funders/providers) will agree to use IMPACT Principles.**	The IMPACT principles commit organisations to building and sharing evidence of what works. By ensuring a critical mass of organisations do this in 2016/17 we will provide a firm foundation for future financial capability interventions.
	1.4	S	**At least 50 delivery projects will use the outcome frameworks or evaluation toolkits.**	The outcome frameworks and evaluation toolkits give ways of measuring success in changing financial capability that are consistent and can be shared between organisations for mutual learning. By ensuring a critical mass of projects use these we can build up evidence on the Evidence Hub.

Aim	No.	Type	KPI	Comments
Aim 2: earlier and wider access to debt advice	2.1	I	**425,000 people will access our funded debt advice across the UK.**	This will be a 15% increase on our 2015/16 numbers for debt advice funded sessions.
	2.2	Q	**90% of people accessing our funded debt advice across the UK will take action to deal with their debts.**	This will ensure that we maintain quality and the impact for each person at the same time as expanding reach.
	2.3	S	**We will collect clear evidence of trigger points that can lead to over-indebtedness and agree methods to engage people with debt advice.**	This an essential stepping stone towards further increasing early engagement, a key strategic aim.
	2.4	S	**We will set a baseline for the current percentage of people whose financial capability is improved after receiving our funded debt advice, and propose a percentage increase.**	The five-year ambition of the Debt Advice Steering Group is, by 2020, to double the number of people whose financial capability is improved after receiving debt advice. This is an essential stepping-stone towards that goal.
	2.5	S	**Based on our understanding of the repeat rate for debt advice clients we will develop and identify an appropriate level and direction of change.**	This builds on our 2015/16 commitments, and reflects the aims we are working on with debt advice partners
	2.6	I	**We will raise the proportion of over-indebted people seeking debt advice (across the debt sector) from 17% to 20%.**	This builds on our 2015/16 commitments, and reflects the aims we are working on with debt advice partners.
Aim 3: more people budgeting and saving	3.1	S	**We will conduct tests of messages and/or pilot 'what works' trials, tailored for the 'struggling' and 'squeezed' segments, to encourage saving and budgeting appropriate to each segment.**	We recognise that people in different life circumstances will respond to different messages; this KPI will ensure we have a tested approach for each segment.
	3.2	S	**We will successfully develop and deploy a budgeting tool for Universal Credit claimants.**	Universal Credit will reach more than 11m people at full rollout. It is therefore important that we develop, test and improve the tool in 2016/17.

Aim	No.	Type	KPI	Comments
Aim 4: improving access to advice	4.1	Q	**At least 60% of our telephone customers will have taken action (in full or in part) as a result of money guidance.**	This will ensure that our telephone channel is geared towards helping people make the financial decisions they need to take.
	4.2	S	**We will set a baseline for the extent to which people consider themselves able to access free or affordable advice to support financial decisions.**	We see this as an important building-block in the evidence base needed to determine where there are gaps to be filled.
	4.3	Q	**We will maintain the customer satisfaction of our telephone customers at the level of 88%.**	This reflects the metric 'Customers agreeing they would recommend the service to others'. It monitors the relevance and usefulness of the service.
Aim 5: widening and improving financial education	5.1	I	**1m children and young people will be served by interventions whose delivery organisations have signed up to IMPACT principles.**	The IMPACT principles commit organisations to building and sharing evidence of what works. By ensuring a critical mass of children are served by organisations that commit to these principles, we will support better impact and reach.
	5.2	S	**We will support/fund the evaluation of at least two large control trials of financial education.**	'Large control trials' would mean at a scale that involves statistically valid comparison groups for children not receiving the intervention, a standard of evidence-gathering set by the Education Endowment Foundation with whom we work.
	5.3	S	**We will support at least 10 projects with the evaluation of their financial capability provision for children and young people.**	As evaluation is currently sparse in the children and young people area, achieving this in 2016/17 will greatly enhance the evidence base.

Chapter 7: resource summary 2016/17

This chapter provides a breakdown of the total Money Advice Service budget for 2016/17, and a comparison against the 2015/16 budget. The Service's money guidance and debt advice are funded by separate levies on the financial services industry; we therefore prepare separate budgets for each.

	2015/16	2016/17	Movement
Total Money Advice Service budget	£81.1m	£75.0m	(£6.1m)
Money advice budget	£34.1m	£30.0m	(£4.1m)
Debt advice budget	£47.0m*	£45.0m	(£2.0m)*

**Included £2.0m one-off contribution from utilities companies towards debt advice funding, and £3.8m as a one-off cost towards possible impacts on clients affected by changes to the debt management market driven by the FCA's new regulation in the sector.*

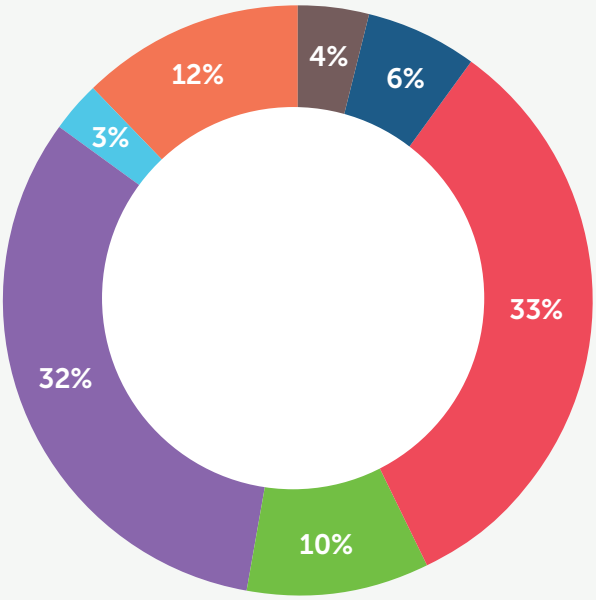
The overall budget for 2016/17 has been reduced by 7.5%, compared with our 2015/16 Business Plan, with our money advice budget reduced by 12% (and 30% overall since publication of the Independent Review).

However, we have increased frontline debt advice funding by £0.6m and, having published the results of our latest review of over-indebtedness, have rich geographical data to help us direct funding towards the areas of greatest need.

In 2015/16 we set aside budget on top of our mainstream debt advice funding to support clients impacted by changes in the regulation of debt management firms. In 2016/17 our approach will be to fund such support for impacted clients from our debt advice reserves, if it is needed.

The reduction in our money advice budget has been achieved by stopping our marketing spend (in line with Independent Review recommendation A10), decommissioning face-to-face money guidance (following from recommendation A7) and through a targeted 20% reduction in our digital and support services costs.

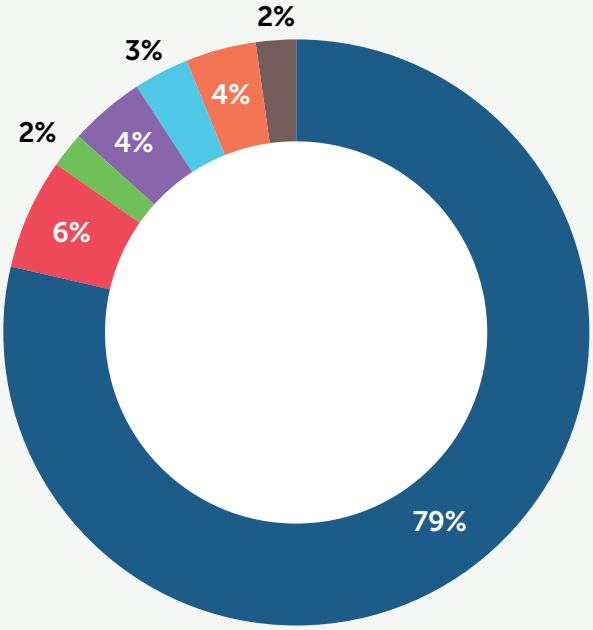
Figure 12 - Money Advice Budget 2016/17



Key

- Financial capability strategy leadership
- 'What works': pilots, test-and-learn
- Delivery through other organisations
- Direct services
- Communications
- Back office support
- Board and executive leadership

Figure 13 - Debt Advice Budget 2016/17



Key

- Debt advice funding for England and Wales
- Debt advice funding for Scotland
- Debt advice funding for Northern Ireland
- Second-tier support for learning, training and specialised needs
- Policy and research
- Co-ordination, standards and quality
- Back office support

Budget for money advice *All figures are in £000s*	Commentary	*Aim 2 is covered under the debt advice levy on the pages that follow*							
		2015/16 budget	Variance	2016/17 budget	Central costs & over-heads	Aim 1	Aim 3	Aim 4	Aim 5
Strategy									
Strategy total	Analysis and research of consumer problems; co-ordination of the sector through governance and communication	*1,710*	*15*	**1,725**	-	**898**	**262**	**208**	**357**
'What works'									
Piloting interventions	Piloting and evaluating potential new interventions to determine their impact and disseminate evidence of 'what works'	*960*	*6,152*	**7,112**	-	5,540	370	620	582
Evidence and evaluation	Monitoring and understanding the success of financial capability interventions by gathering, evaluating and disseminating evidence of collective impact	*3,591*	*(673)*	**2,918**	-	935	162	212	1,609
'What works' total		*4,552*	*5,478*	**10,030**	-	**6,475**	**532**	**832**	**2,191**
Delivery through others									
Co-ordination	Co-ordination of strategic alliances to achieve financial capability goals, without direct intervention	*1,000*	*1,750*	**2,750**	203	179	1,042	1,184	142
Commissioning	Commissioning others to carry out financial capability work, enablling them to enhance their scale and services	-	*355*	**355**	-	101	101	153	-
Delivery through others total		*1,000*	*2,105*	**3,105**	**203**	**280**	**1,143**	**1,337**	**142**

Staff costs are included within each budget line item above.

Budget for money advice *All figures are in £000s*	Commentary	*Aim 2 is covered under the debt advice levy on the pages that follow*							
		2015/16 budget	Variance	2016/17 budget	Central costs & over-heads	Aim 1	Aim 3	Aim 4	Aim 5
Customer engagement									
Offline services	Provision of adviser operated offline services and support of webchat and email services, plus face-to-face costs to the end of September 2016	*6,852*	*(1,572)*	**5,280**	-	-	-	5,280	-
Digital infrastructure	Website hosting, user experience, testing, maintenance and product development	*4,282*	*(429)*	**3,853**	-	-	1,586	2,267	-
Marketing	Customer acquisition through various means including search engine marketing	*8,838*	*(8,838)*	**-**	-	-	-	-	-
Printed guides	Production, printing, storage and distribution of printed guides giving money guidance	*350*	*50*	**400**	-	-	-	400	-
Customer engagement total		***20,322***	***(10,789)***	**9,533**	**-**	**-**	**1,586**	**7,947**	**-**
Corporate communications									
Corporate communications total	Stakeholder engagement, internal communications and publicising financial capability research	***945***	***(15)***	**930**	**930**	**-**	**-**	**-**	**-**
Support services									
Support services total	Delivery of finance, HR, facilities, project management, procurement and information and communication technologies	***4,476***	***(1,868)***	**2,608**	**2,608**	**-**	**-**	**-**	**-**
Transition costs total		**-**	***1,000***	**1,000**	**1,000**	**-**	**-**	**-**	**-**
Board and executive leadership									
Board and executive leadership total	Board and executive leadership team and administrative support	***1,100***	***(31)***	**1,069**	**1,069**	**-**	**-**	**-**	**-**
Grand total		***34,105***	**(4,105)**	**30,000**	**5,810**	**7,653**	**3,523**	**10,324**	**2,690**

Staff costs are included within each budget line item above.

Aim 2: Debt Advice Budget 2016/17	Commentary	Budget 2015/16 £000	Variance £000	Budget 2016/17 £000
Frontline delivery				
England and Wales	Funding for provision of debt advice to people in England and Wales	*35,122*	*179*	**35,301**
Scotland	Funding for provision of debt advice to people in Scotland	*2,756*	*-*	**2,756**
Northern Ireland	Funding for provision of debt advice to people in Northern Ireland	*811*	*202*	**1,013**
Impacted clients	To meet the needs of clients affected by one-off changes in the debt management market. 2016/17 figures assume all 2015/16 budget used in-year	*3,800*	*(3,800)*	**-**
Audit for funded projects	Assurance work	*-*	*50*	**50**
Total frontline delivery		***42,489***	***(3,369)***	**39,120**
Second-tier support				
Specialist support	Funding to support provision of specialist advice to not-for-profit sector debt advisers	*836*	*20*	**856**
Action on hearing loss	Service available to grant-funded debt advisers to enable provision of advice to hard-of-hearing people	*55*	*3*	**58**
Language line	Service available to grant-funded debt advisers to enable provision of advice to those who cannot speak English	*110*	*(17)*	**93**
Training	Provision of training to grant-funded debt advisers	*200*	*(15)*	**185**
Prior learning accreditation	Funding to accredit adviser learning against quality framework	*155*	*(155)*	**-**
Capacity building (achieving standards)	Funding to enable our delivery partners to implement changes to comply with new standards	*100*	*(100)*	**-**
Awareness campaign	Working with partners to increase engagement with free debt advice	**-**	*500*	**500**
Total second-tier support		***1,456***	***236***	**1,692**
Policy and research				
Policy and research total	Research work including symptoms of crisis debt and effectiveness of different debt solutions.	***987***	***258***	**1,245**

Staff costs are included within each budget line item above.

Aim 2: Debt Advice Budget 2016/17	Commentary	Budget 2015/16 £000	Variance £000	Budget 2016/17 £000
Co-ordination of debt advice				
Peer review	New peer review process for debt advisers and best practice	*543*	*317*	**860**
Accreditation	Maintenance of existing standards and codes and development of training and qualifications	*423*	*16*	**439**
Validation of knowledge	Hosting, technical support and platform update	-	*219*	**219**
MAT tools	Administration of Standard Financial Statement	-	*75*	**75**
Pre-arrears	Conducting pilot and experiments	-	*100*	**100**
Sector co-ordination tools	Common Initial Assessment Tool; financial capability knowledge sharing including Evaluation Framework; Debt Advice Locator Tool, Knowledge sharing hub	*225*	*(125)*	**100**
Financial capability integration	Provision of financial capability after people have received debt advice	*199*	*(149)*	**50**
Events and legal		-	*100*	**100**
Total co-ordination		***1,390***	***553***	**1,943**
Central costs & overheads				
Central costs & overheads total	Delivery of IT systems and data, facilities, procurement, HR and finance	***612***	***388***	**1,000**
Grand total		***46,934***	***(1,934)***	**45,000**
Debt advice levy	***Net of the voluntary contributions towards to provision of Debt Advice from energy and water utilities companies***	**44,934**	**66**	***45,000***

Staff costs are included within each budget line item above.

The devolved nations – how we will make a difference across the UK

Between now and 2018 we are committed to working with the governments of Scotland, Wales and Northern Ireland, and with a wide range of stakeholders in the devolved nations, to ensure we provide an effective service that complements their work and adds real value, recognising the different legislative and policy environment. We are also committed to making sure lessons learned from working with the devolved administrations are considered when shaping the remit for the new money guidance body.

We have a similar structure of representation, governance and accountability for each devolved country:

- The Money Advice Service employs a permanent country manager in each of the devolved nations who is responsible for developing the Service there and managing relationships with key stakeholders.
- These country managers are supported by an Executive Director who in each case ensures that the devolved nations are represented at Board level and that their specific issues and considerations are factored into all of the Service's plans.
- We have also established a Money Advice Service Forum for each of the devolved nations, bringing together key stakeholders across relevant sectors to share insights and to inform plans for the future.

Chapter 8: Northern Ireland

Delivering through others in Northern Ireland

The Money Advice Service has an active Forum of key stakeholders in Northern Ireland working together to understand, map and improve activity to support both the Northern Ireland Executive's Draft Financial Capability Strategy and the Financial Capability Strategy for the UK. Membership of this Forum includes stakeholders across money and debt advice services, Northern Ireland Executive departments, financial services firms, credit unions, consumer bodies, housing associations, independent money advisers and the education sector.

This group has worked to develop an **agreed and prioritised work-plan to ensure the organisations are working collectively** to improve the landscape of financial capability in Northern Ireland. The first aim of this work-plan is to **understand the delivery of financial capability programmes delivered in schools across Northern Ireland** and to develop a clear picture of where it is delivered, by whom, what format this takes and the levels of impact evaluations carried out.

This work is designed to ensure that the work of the partners in the Northern Ireland Forum is having a collective impact by addressing the educational needs throughout Northern Ireland and is supportive of the **financial capability curriculum developed by the Council for the Curriculum, Examinations and Assessment (CCEA)**.

The first stage in this mapping exercise will be designed to identify geographical spread, age ranges and volume of pupils as well as understanding the impacts through evaluation.

Earlier and wider access to debt advice in Northern Ireland

In previous years the Money Advice Service has provided funding for debt advice through the Department of Enterprise, Trade and Investment (DETI). The current funded services come to an end in March 2016 and the Northern Ireland Executive have asked the Money Advice Service to take on the responsibility for the funding and provision of debt advice in Northern Ireland, while continuing to work closely with the Northern Ireland Executive to ensure that the delivery is aligned with their priorities and continues to meet the needs of the people of Northern Ireland.

The Money Advice Service has **recently awarded grant agreements for the delivery of debt advice in Northern Ireland, of up to £1 million a year** in two separate streams of funding:

- Stream 1 funding of up to £800,000 pa will be targeted towards 11 projects to offer council-wide coverage for face-to-face and telephone debt advice
- Stream 2 funding of up to £200,000 pa has been offered to fund projects that will facilitate 'hard to reach' groups and to engage people in a debt advice journey.

More people budgeting and saving in Northern Ireland

In light of the different approach being taken to the implementation of Universal Credit in Northern Ireland, we will work with the Department for Social Development (DSD) and the new Department for Communities to **develop our content for claimants** to ensure that it meets Northern Ireland claimants' needs.

We will also continue to work with partners such as NIDirect to **refine the content we provide around significant 'life events'** to ensure that it remains up-to-date, accurate and above all relevant to people in Northern Ireland.

Improving access to advice in Northern Ireland

We want to increase the opportunities people in Northern Ireland have to access support and guidance that will help them manage their money better. We will continue to **provide services directly to the public in Northern Ireland and through partners** such as NIDirect and Clanmill Housing. We will ensure that where appropriate these add value to the Northern Ireland Executive's Programme for Government and its Financial Capability Strategy.

Our website will be our main channel to meet the needs of a growing number of people wanting to access relevant and topical information and advice. We will **work with Digital Inclusion Champions and the community sector** across Northern Ireland to encourage use of our website as a relevant tool for helping people to get online.

Our **telephone service** is also a key access point for those who cannot or choose not to go online. It will also offer a way to explore some more complex enquiries people may have.

Alongside these services, we will continue to **engage with a number of other groups and forums** such as the DSD's Housing Repossession Taskforce, the Northern Ireland Discussion Forum, the Government Advice & Information Group, the Money Advice Group, the Northern Ireland Government Affairs Group, and the Ulster Bank Community Impact Group. Through our active participation in these groups, we can help influence their work and also share the insights gained more widely.

Widening and improving financial education

As part of the work with the Northern Ireland Forum we have engaged with CCEA who are undertaking a review of the Northern Ireland curriculum and of the level of resources supplied to support the delivery of the financial capability elements of the curriculum.

A working group is being established with CCEA and representatives from the Irish League of Credit Unions, Ulster Bank, Bank of Ireland, First Trust Bank and Danske Bank to understand the **current offering from the financial institutions and improve the impacts of these resources** by matching them to the curriculum.

Chapter 9: Scotland

Delivering through others in Scotland

The priorities and actions identified in the Financial Capability Strategy for the UK as a whole are also applicable in Scotland and are reflected in this Business Plan. Due to a unique political, cultural and geographic environment in Scotland, however, it is appropriate to identify and deliver different and additional priorities.

The Money Advice Service's Scotland Forum was set up in 2012 to act in an advisory capacity, informing us on key issues facing people in Scotland, and helping us to understand the impact of our plans on people in Scotland.

The current members of the Scotland Forum have agreed to widen their scope to ensure that the recommendations within the Financial Capability Strategy for Scotland and the UK are delivered and remain relevant to the unique requirements, funding arrangements and stakeholders within Scotland.

A range of organisations and individuals have worked with our Scotland Forum to identify, evidence and develop priorities into an action plan for Scotland – setting out interventions that we think will have an impact on knowledge and skills, attitudes and motivations or ease and access of financial products and services. This includes:

- **working with Young Scot to support student money advisers** so that they are aware of all the available financial capability resources, including development of a post-college/university 'welcome to non-student life' package;
- exploring with with Citizens Advice Scotland the potential for **developing a volunteer 'financial capability champions' model**;
- **evaluating interventions in the housing sector with young people**, including those who are homeless, to understand what works well and share this across the sector;
- working with Young Scot to encourage colleges and universities, via the College Development Network and Student Awards Agency Scotland, to introduce **common approaches and build good practice for early interventions** with students at the point that they apply for a grant or loan; and
- launching the **Evaluation Toolkit pilot** with Money Advice Scotland to understand the impact of their financial education modules and group training.

Earlier and wider access to debt advice in Scotland

Over the past three years we have had a successful partnership with the Scottish Government jointly funding a series of debt advice programmes, administered by the Scottish Legal Aid Board (SLAB).

We have committed to continuing our funding of debt advice projects via SLAB and have entered into a **new three-year agreement**. We are also working with them to produce a robust and insightful **evaluation of the Making Advice Work Streams 1&2**[9] **and Economic Downturn Stream 1**[10] so we can continue to understand the effectiveness of the services we fund.

9. http://www.slab.org.uk/providers/advice/grant-funding/MakingAdviceWork/index.html
10. http://www.slab.org.uk/providers/advice/grant-funding/EconomicDownturn/index.html

We will work with Citizens Advice Scotland to **measure the impact of budgeting sessions for those receiving debt-related support** and test if they add value in terms of financial and well-being outcomes.

The Scotland Forum, in partnership with others, will develop a **Corporate Debt Recovery Policy** and work with stakeholders to adopt a common approach to dealing with people in debt.

More people budgeting and saving in Scotland

We will work in Scotland to **support ABCUL Scotland's Credit Union Charter**. This includes:

- supporting access to safe savings and affordable credit for everyone in Scotland through credit union membership;
- access to credit union membership and payroll deduction for every public sector worker in Scotland – and encouraging more private and not-for-profit employers to offer the same for their staff; and
- helping build partnerships between credit unions, housing associations and the advice sector to take a holistic approach to financial capability.

We will also support other affordable credit providers in Scotland and the work they do to encourage people to budget effectively and to start saving.

We will also support the work of the **financial capability team at Money Advice Scotland** as they deliver their financial education module, which has a heavy focus on budgeting, to a wide range of partners.

Improving access to advice in Scotland

In addition to the UK-wide actions to deliver access to good information and advice, we are continuing to **fund the Improvement Service in Scotland** to deliver the 'Improving Outcomes in Money Advice' project. This is aimed at improving the impact of Scotland's money guidance services and providing support to councils and their partners in this process. The project is now taking forward the implementation of the Framework for Public Funding of Advice.[11] This will include more detailed 'hands-on' support to councils and their partners to implement the key principles of the framework. They are also developing a performance management framework for use across the advice sector, which aims to build consensus on the key outcomes and indicators for measuring the value and benefits of advice services. This will also help facilitate exchange of good practice.

We will support work to **provide employers with a trusted point of contact and some guidance** to enable them to refer employees to the best source of debt/money guidance. We will continue to **support and refer to Scotland's Financial Health Service website** which provides a gateway to sources of trusted advice.

We will continue to work with **NHS Health Scotland** to develop closer links between health professionals and money guidance. We are inputting into work the NHS are doing on modelling health outcomes for advice services. We will support better use of the NHS as a trusted advisor, for example working with doctors to refer people to money guidance.

We will continue to work closely with the **Scottish Federation of Housing Associations and use their network** to highlight our wide range of money guidance content and how this can be syndicated free of charge. We will also look at how referral pathways can be optimised.

11. http://www.improvementservice.org.uk/framework-for-public-funding-of-advice.html

Widening and improving financial education

As in the UK as a whole, we will focus on working with partners to build the evidence base for 'what works' in improving children and young people's financial capability.

We will seek to identify partner organisations to conduct an **impact assessment of interdisciplinary learning**, with a focus on financial education, making links with the use of digital technologies.

We will conduct an **analysis of existing local authority activity for financial education** in schools, including support for vulnerable young people using peer-to-peer delivery.

We will **support Education Scotland to conduct an impact assessment of interdisciplinary learning, with a focus on financial education**, making links with the use of digital technologies.

We will also explore connections with the Scottish Government's **'Developing the Young Workforce'** agenda – for example Glasgow's Financial Education Curriculum programme – and **share best practice** across the sector.

Chapter 10: Wales

Delivering through others in Wales

A range of organisations and individuals have worked with the Money Advice Service Wales Forum[12] to identify, evidence and develop priorities into an action plan for Wales. This developed the Financial Capability Strategy for Wales, launched in November 2015, and has been included as part of the Welsh Government's revised 2016 Financial Inclusion Strategy.

The Wales Forum will seek to ensure that **activity by organisations across sectors is co-ordinated effectively** to achieve the overarching aims of the Financial Capability Strategy for the UK through collective impact. Through the membership of the Forum, such as the Welsh Government, the Welsh Local Government Association (WLGA) and the Wales Council for Voluntary Action (WCVA), as well as the leads of the Wales 'Financial Capability Forums' based in North, West and South Wales, we will be able to **engage effectively with stakeholders across sectors**. As part of this work we will also work with funders of interventions to seek matched funding arrangements, with a shared committed to 'IMPACT' or comparable evidence principles.

There are many existing providers of financial capability interventions across Wales that have been mapped as part of the Financial Capability for Wales strategy consultation. We will promote awareness across Wales of the £7m 'what works' fund, particularly among those working with peer-to-peer interventions. We will encourage those that have evaluated their work to share across the sector. For those that have not yet evaluated their interventions, we will promote the use of the evaluation toolkit and share the outcomes and learning.

Earlier and wider access to debt advice in Wales

Nearly one in five people in Wales are over-indebted. There has also been a shift in the nature of debt, from debt for non-essential spending towards priority debt connected with the home including rent, mortgage and council tax costs and essential household bills. The information and advice sector focus is shifting gradually to reflect this but awareness of the availability of different services – including both free and paid-for debt advice – remains low.

As part of the recommendations from the Welsh Government's Advice Services Review, priority has been given to development of an **information and advice strategy to ensure consistent access** to high-quality services across Wales. Research completed by the review highlights that debt advice is offered by a number of different providers in Wales. The ambition in Wales is that funding for advice services, including debt advice, is co-ordinated by the National Advice Network. The network has membership from funders such as the Big Lottery Wales, Welsh Government, the Welsh Local Government Association and the Money Advice Service.

We will seek to **ensure effective co-ordination** between the work of the National Advice Network and wider activity to augment and improve debt advice services in Wales, and across the UK as a whole. We will also work with the **National Advice Network** towards including preventative money guidance in the work of networks in Wales.

In line with our wider aim for people to access debt advice earlier, we are working with **Community Housing Cymru** to develop a pilot scheme that will use Housing Associations' data to identify people at risk of falling into debt and design models for early intervention. The **Wales Co-operative Centre** is also providing signposting and referral for money guidance targeted at private tenants through the project 'Your

12. http://www.fincap.org.uk/wales-forum

Money Your Home'. We have established a pilot scheme with this project to evaluate the impact.

The Welsh Government's 'Discretionary Assistance Fund' offers payments and in-kind support to people needing urgent assistance, and where there is an identified need to safeguard health and wellbeing. We will work with the Welsh Government to ensure that where appropriate people accessing the fund are **referred to debt prevention services**.

Through the Welsh Government's Financial Inclusion Strategy, we will also work with stakeholders and existing programmes in Wales such as Communities First to consider the potential for **peer-to-peer support**. This could be effective in driving improved awareness of and engagement with debt advice, and increasing clients' financial resilience.

More people budgeting and saving in Wales

More than 99% of businesses in Wales are SMEs, and they account for 60% of private-sector employment. **Helping employers in small and micro-businesses to support their own and their staff's money management** is therefore an important route to improving financial capability. We will work with stakeholders to explore options for achieving this.

The transition to Universal Credit presents additional challenges for claimants because of the switch to monthly payment and the requirement for recipients to budget for housing costs, rather than having this paid direct. This means that managing money day to day and longer-term planning will become more important and some groups in Wales may need particular help. Our Financial Capability Survey for Wales found that private renters, for example, are less likely to use credit appropriately, and have lower levels of confidence managing money and making decisions about financial products and services than tenants in social housing. We will work with **DWP Wales, Community Housing Cymru and 'Your Money Your Home'** to evaluate current work with people in rented accommodation and to share learning across Wales.

Improving access to advice in Wales

We will work with the **National Advice Network and the Independent Advice Providers' Forum** to understand better the advice needs of people in Wales and what content is already available across Wales to ensure that the Money Advice Service links appropriately to content that already exists to help people.

There are clear synergies between the Financial and Digital Inclusion agendas which we will seek to develop, to ensure that high-quality financial help is as widely available as possible.

Widening and improving financial education

The links between poverty, poorer health and education outcomes is widely recognised and supporting the early years is a key component to breaking this link. Supporting parents to increase their financial capability is a key component of tackling child poverty, a key policy driver in Wales. The revised Child Poverty Strategy, published in March 2015, includes an objective 'to support families living in poverty to increase household income through debt and financial advice, action to address the poverty premium and action to mitigate the impacts of welfare reform'.[13]

13. http://gov.wales/topics/people-and-communities/people/children-and-young-people/child-poverty/?lang=en

The Money Advice Service, in partnership with the Welsh Government, Big Lottery Wales and a variety of programmes run by local authorities and not-for-profit organisations, is conducting some **ground-breaking research in Wales**. The pilot, and the accompanying two-year longitudinal evaluation, will test the effectiveness of programmes designed to improve children's financial capability through working with parents. The pilot aims to raise parents' awareness of the important role they play in guiding their children's approach to money management, and equip them with the desire, confidence and ability to develop the next generation of financially capable adults. The pilots will produce robust evidence on the impact and cost-effectiveness of parenting programmes. We will share the evaluation and learning from these schemes to help parenting programmes in Wales and more widely build understanding of what works and what doesn't.

We will also work with the Welsh Government to build financial capability into the parenting programmes for the Welsh Government's **'Education Begins at Home' and 'Flying Start' programmes**, and into the '**Families First'** Initiative and successive programmes.

Welsh Language Scheme

The Welsh Language Scheme is linked to the Money Advice Service Equality and Diversity Policy. Our commitment is that the Money Advice Service values diversity and works inclusively. This enables us to meet our core aim of helping people take control of money to enhance their lives.

The Money Advice Service Welsh Language Scheme was approved by the Welsh Language Board on 26 March 2012.

The full Welsh Language Scheme is available online. Below is a summary of our commitments for delivering services in Wales:

Our website is available in both English and Welsh languages. Exceptions to this are video content and all digital media that works within an environment of instant communication, such as social media, including Twitter, and online advertising.

We provide a Welsh-language telephone service on 0800 138 0555.

Our money guidance and debt advice services can deliver sessions in Welsh where requested.

The full Welsh Language Scheme is available on our website at:
moneyadviceservice.org.uk/files/welshlanguageschemeinenglish.pdf

The Welsh-language version of our website is at:
moneyadviceservice.org.uk/cy

We submit an annual monitoring report to the Welsh Language Commissioner. The most recent report can be found on our website at:
moneyadviceservice.org.uk/en/corporate/publications

Annexes:

1: Risks and issues

2: Stakeholder consultation

Annex 1: Risks and issues

The Money Advice Service has a carefully managed risk and issue process, including scoring of impact and likelihood; mitigation plans; residual scoring; risk appetite; and risk ownership. Everything highlighted below will be managed through that process, but for ease of reading the risks and issues are described in narrative form.

This section is not aiming to be comprehensive – that is a task for our corporate risk and issue registers – but to highlight the most important concerns voiced by stakeholders, and explain how we are addressing them. We are very grateful to all the stakeholders who responded to our consultation response question about risks. (See Annex 2 for more information about the stakeholder consultation we ran and the responses we received.)

Risks and issues identified against the programmes of work for our five aims in 2016/17

Aim 1: We aim to ensure that the UK Strategy succeeds. The main risk is that the collective engagement, involvement and alignment of the partners now working on the Financial Capability Strategy for the UK (UK Strategy) do not materialise within the period 2016–2018. See Chapter 1 for a range of structures and processes we are putting in place to engage partners. As a result of the consultation process, and we will work with each of the Steering Groups to identify and deliver activity that will demonstrate tangible progress over the course of this year, to create urgent momentum. As a further result of consultation, we will also put in place a series of management information indicators that we can use internally to track engagement as objectively as possible.

Stakeholders identified as a key risk the possibility that the test-and-learn approach to finding out 'what works' in addressing financial capability fails to yield scalable results, or what appears to work under test circumstances does not work elsewhere. We are mitigating this risk in a number of ways:

- we are learning from other countries that are more advanced in some areas than the UK, particularly the Netherlands, New Zealand and Australia;
- we are building a systematic library of approaches on the Evidence Hub; and
- we are building considerations of both evaluation and scalability into all our pilots and tests.

Stakeholders also saw as a significant risk the asymmetry between the Money Advice Service's interest in partner participation, compared to partners who may see less advantage for their own organisations. Partner motivation will vary according to public, voluntary or for-profit sector. We want to support the first two sectors in numerous ways; by building the evidence base, including in some cases direct funding to perform tests and pilots, and by creating the economic return on investment model for financial capability, which should benefit all business cases and funding streams.

Aim 2: The main issue identified by stakeholders was the fact that the social, economic and political causes of financial difficulty may significantly outweigh the support we give. For example, if there are significant interest rate rises, many more people will become over-indebted, whether or not we have improved their financial capability. Given our interpretation of our remit, we do not think there are any easy mitigations to this issue. Our main responsibilities are to avoid oversimplification or naïveté about the scope of what we can achieve, and achieve as much benefit as we can in partnership with others.

Aim 3: A key risk identified is that people may not engage with messages about managing their money better, especially the most vulnerable. The primary mitigation is the testing of different methods and channels to engage (workplace campaigns, etc). The secondary mitigation is our funding of debt advice, which is a safety net that does have a successful track record of solving debt problems, and into which we are increasingly building money management skills that can help prevent the need to return to debt advice in the future.

Aim 5: The main risk identified is in schools. Pressure on the curriculum may mean that the statutory requirement to deliver financial education will get little attention in classrooms from day to day. Our mitigations are to gather evidence that connects financial capability to other types of attainment already valued by schools and Ofsted, and then when that evidence is available to share it widely with teachers and influencers of educational policy.

Risks and issues in the Devolved Administrations

An issue identified was that responsibility for consumer advocacy and advice is due to be devolved to Scotland, as part of the Scotland Bill. This may make the exact scope of the Money Advice Service's responsibilities in Scotland harder to delineate. However, we have a vibrant and engaged Scotland forum and we expect the main mitigations to be the continuation of good communication and partnership working.

Annex 2: Stakeholder consultation

The Money Advice Service is committed to working with and through partners.

We published a consultation version of this plan on 22 December 2015 and consultation closed on 15 February 2016. We are very grateful to the many organisations who offered suggestions, evidence and constructive challenge through that process.

We would like to offer our apologies to *non-statutory* consultees who have not had the opportunity to comment on the substantial impacts and alterations in the Plan brought about by the Government's *Public Financial Guidance Review: proposal for consultation*, after it was published on 16 March 2016. Because of the pressures of our statutory duty to publish a Business Plan, we were unable to repeat the full consultation process on the Plan, which takes around 10 weeks, after the Guidance Review outcomes were known.

We did, of course, return to our statutory consultees to share with them the key changes we have made in this Plan before publication of this final version.

Statutory consultees

The law requires us to consult closely with the Practitioner Panels and Consumer Panel that support and advise the FCA; HM Treasury; and the Department for Business, Innovation and Skills. We fulfilled this obligation and received very helpful input from statutory consultees – both pre and post the Guidance Review. We are particularly grateful to the Consumer Panel for the chance to appear before it three times while preparing this Business Plan, and for a number of important suggestions and challenges it offered.

Informal consultation

As is our usual practice, over the course of developing the plan we consulted with more than 20 organisations through one-on-one meetings and key forums.[14]

The formal consultation process

We received 30 responses. Six were from public sector organisations, 11 from organisations representing the private sector, and 13 from the voluntary sector.

The majority of consultation commentary was positive and highly constructive.

Below, we report on the comments we received. We received more than 100 A4 pages of consultation responses and so apologise that we can only summarise common themes, rather than reflecting the detail of every valuable comment or suggestion we received.

The responses below reflect the exact questions we asked in the consultation version of our Plan, and therefore the exact content it contained. Some of the sections respondents commented on no longer exist in this final Plan, or are substantially altered: for example, we are no longer articulating a three-year Corporate Strategy, nor are we advocating working with financial services in the way that we previously articulated as Aim 5.[15]

14. This included meeting representatives of Age UK; Association of British Credit Unions Limited; Association of British Insurers; Association of Professional Financial Advisers; Association of Mortgage Intermediaries; British Bankers' Association ; Building Societies Association; Citizens Advice; Consumer Finance Association; Council of Mortgage Lenders; Department of Enterprise, Trade and Investment (Northern Ireland); ifs University College; Investment Association; Money Advice Trust; MoneySavingExpert; MyBnk; National Skills Academy for Financial Services; StepChange Debt Charity; The Money Charity; Young Enterprise; and Which?. Key forums included the Money Advice Service's Scotland, Wales, and Northern Ireland Forums, and the Consumer and Industry forum.
15. For reference, the full consultation version of the Plan is available still at: http://comfy.moneyadviceservice.org.uk//system/comfy/cms/files/files/000/000/294/original/MAS_16_17_Business_Plan___Corporate_Strategy_Consultation_Document.pdf

The three-year Corporate Strategy for the Money Advice Service

1. Do you have any comments on the types of customers we propose to target our efforts towards, as set out in our three-year Corporate Strategy?

[Note: because of the Guidance Review outcomes, we are no longer articulating a three-year Corporate Strategy, but the key thinking we still think is relevant is contained within the chapter of this Business Plan titled 'the landscape and the gaps', pages 8–24.]

The customer segmentation we proposed in our Corporate Strategy was very well received; it was variously described as 'simple, clear and memorable', 'sound and helpful' and 'thorough'.

Some respondents pointed out that the segmentation is fluid – people will shift between categories over the course of a lifetime. We have noted this in the updated 'landscape and the gaps' section and are alert to its consequences.

Some respondents argued that children, young people and young adults should be treated as a single coherent category and a continuum. On the whole, we think that the needs of people who enter the labour market, or start living as students, are sufficiently different from those still in school as to warrant separate consideration, but we have set our teams working with each category the task of working very closely together, in order to maximise the common thinking between the two.

Two respondents suggested that, as the segmentation was based on a model of financial resilience (ability to withstand income shocks), it rested on a confusion between financial resilience and financial capability – and so called into question some of the conclusions from the market analysis, especially whether we should encourage people to save more. We accept that having spare money is a major factor in resilience; and having that money is not the same as knowing what to do with it. But while noting this difference, we decided that the best basis for our segmentation was to look at adults through the lens of financial resilience. We think it will be a powerful tool in helping us to fulfil our statutory remit because:

- it can be calculated through data that we can easily match and replicate from multiple sources (not just a one-off survey);
- it measures a highly desirable outcome (consumers being safer from financial difficulty); and
- that outcome is the likely result of improved financial capability, which is the effect we most want to bring about among consumers.

2. Do our six aims cover the right areas for the three-year Corporate Strategy period, and do they set the right level of ambition for the Money Advice Service?

[Note: because of feedback from consultation respondents combined with the Guidance Review outcomes, we are now articulating five aims, not six.]

There was widespread support for five of the six aims, and widespread agreement that they set a suitable level of ambition.

Some respondents worried that the language used in describing the aims verged towards being judgmental of individual consumers. We agree that this is an ever-present danger, and that we want everyone to talk about money and debt without any sense of stigma. We will be careful to articulate that we do not judge individual consumer decisions, and to think very carefully, with the help of partners, about the language used in direct messages to consumers. But we are unapologetic about the fact that the Money Advice Service is here to make things better, and one part of that process is to identify what, on average, are the financial habits or mistakes that affect consumers for the worse.

The aims programme of work for 2016/17

3. Given the intent and scope of our aims, what are your comments on the activities and priorities we have set out in each chapter covering our programme of work against each aim for April 2016–March 2017?

The overwhelming majority of responses gave us confidence that the programmes of activity were well-founded. Where respondents expressed doubts, the common themes were welcoming the aims but expressing reservations about readiness to deliver on them, or taking the view that there was insufficient detail published in the plan to make a judgement.To address this, we have redrafted all the 2016/17 chapters in this final version of the plan and in many cases added more detail.

Other key comments:

Aim 1: Respondents commented that the Money Advice Service would need a stronger and clearer voice of advocacy to lead the UK Strategy.

Aim 2: Respondents questioned how we could achieve the increase in volumes with the funding proposed. We have included more about the additional telephone support we propose in 2016/17.

Some respondents suggested that we should express an intention to tackle the social, economic, political and policy causes of financial difficulty. We do not believe our statutory remit extends to this kind of public advocacy, and indeed some other respondents questioned any advocacy at all in relation to the rest of the public sector. While we would share any pertinent, already existing evidence with those who ask for it, we do not think it is our role to debate policy in public. We see our role as helping people to make the most of the money they have. We do think it is our role to confidently advocate the financial capability problems the UK Strategy identifies, and the collective solutions and messages the partners agree.

Aim 3: The most common challenge was that this is an ambitious aim, yet the activities described in 2016/17 appear to lack ambition, and do not suggest a significant scale of impact. However, we think that the consultation draft underplayed the alliance of partners who have a common interest in scaling the solutions we identify, and we have made this clearer in the final plan.

Aim 4: Respondents warned against duplication of effort and services with Pension Wise and The Pensions Advisory Service. We agree. We made the case for change in our response to HM Treasury's Public Financial Guidance Consultation, and *Public Financial Guidance Review: proposal for consultation* has set out a future in which duplication will be minimised.[16]

Aim 5: *[Note: in this final Business Plan, the aim focused on working with financial services has been deleted.]* The activities proposed were felt to be unclear, especially how regulation fits into the picture. We have now deleted this aim.

Aim 6: *[Note: in this final Business Plan, this aim focused on children and young people has been renumbered as Aim 5.]* This aim was very widely supported; if anything, respondents wanted the range of activities to be wider. We needed to balance this view against comments from other respondents concerned that the number and spread of activities identified in the Business Plan is too ambitious already.

16. See http://comfy.moneyadviceservice.org.uk//system/comfy/cms/files/files/000/000/301/original/Money_Advice_Service_Public_Financial_Guidance_Review_Response.pdf

4. Do you agree that the performance indicators we have identified effectively capture the intended impact of the Service's work?

Most respondents warmly supported the type, range and ambition of the KPIs. A minority expressed dissatisfaction with those KPIs that are proxies for outcomes, rather than the outcomes themselves.

In the light of comments from debt advice experts, we revised the figure in KPI 2.6 from 21% to 20%. Respondents underlined the scale of the challenge here; we agree, but we think it is important to set a substantial ambition.

5. Are there any other ways we could measure our effectiveness?

Some respondents suggested that Aim 1 should be measured by a KPI for increasing adult financial capability overall, as opposed to KPIs that measure the effectiveness of our support for the UK Strategy. During the course of 2016/17, we intend to propose to the Financial Capability Board composite measures of improved financial capability, and economic measures that will quantify the value of improved financial capability. We believe that this will provide useful inputs to debates about the best KPIs for the new money guidance body that is due to come into service from April 2018.

Our service in the devolved countries

6. Do our plans understand and reflect the distinctive financial capability needs in the devolved countries of the United Kingdom?

Most respondents answered yes to this question. We were supplied detailed evidence about the greater financial capability needs in Northern Ireland and Scotland. In chapter 2 we included a map clarifying the different levels of over-indebtedness across the countries and regions of the UK.

Questions about the plan overall

7. Do you think the Business Plan sets the right direction for the Service over the period 2016–2019 and specifically 2016/17?

Overall, respondents agreed with the direction and noted the substantial change from the Money Advice Service's previous work. The Investment Association commented: *'Your analysis of your customers is thorough ... Overall, we wholly support the partnership approach. It is a strategy that we have asked for since the MAS was first formed. At last it is being given sufficient emphasis and MAS can fulfil its potential as catalyst and facilitator for a sea-change in the financial capability of UK residents. 'Gap-filling', opposed to a one-stop shop and blanket coverage; championing not-for-profit activities that work, but need support to become scalable; and, encouraging innovation by third parties are all ideas that we have been waiting for from the centrally-funded, leader of the UK's financial capability strategy.'*

Virgin Money commented, *'[The] three-year Corporate Strategy and 2015/16 Business Plan ... are extremely well considered, highly ambitious and, in combination, provide an excellent framework to bring together and co-ordinate organisations from across the financial sector.'*

Some respondents, however, expressed a concern that the funding rise for debt advice, and the longer-term nature of the test-and-learn approach to money guidance, could lead to a decline in support (and funding) for preventative work that builds financial capability prior to financial difficulty. We feel that *Public Financial Guidance Review: proposal for consultation* has set out a future in which preventative work will be given a clear and focused statutory role within the new money guidance body.

8. Is there anything missing from the Business Plan? Are there any specific solutions, partners or techniques that you would expect us to make use of, in relation to the financial capability challenges we aim to tackle?

Most respondents thought that we had identified the appropriate solutions and techniques to address the problems identified in the aims. Among the consultation responses were many very welcome offers of partnership.

9. What are the key risks and issues you would expect us to address as we deliver the plan?

Many respondents agreed with the programmes of work but identified specific risks. We have analysed these comments and have added an entirely new risks and issues annex (pages 66–67).

10. Is the plan clear and easy to understand? If not, please indicate sections that you think should be made clearer.

Almost all respondents praised the clarity and the logical sequencing of the plan, and very few opportunities for improvement were identified. Most of the difficulties that were are noted in the section above, dealing with each aim. We were asked to add an executive summary section, and have done so.

the Money Advice Service

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If you would like this document in Braille, large print or audio format please contact us on the above numbers.

*Calls are free. To help us maintain and improve our service, we may record or monitor calls.

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