

Consultation on the *Money Advice* Service's 2017/18 Business Plan



Contents

Chairman's foreword	1
Chief Executive's introduction	2
Executive summary	3
Questions for consultation	5
Half-year highlights from 2016/17	6
Delivering our Corporate Strategy	8
Chapter 1: delivering through others	20
Chapter 2: earlier and wider access to debt advice	29
Chapter 3: more people budgeting and saving	33
Chapter 4: improving access to guidance and advice	39
Chapter 5: widening and improving financial education	44
Chapter 6: measuring our impact	50
Chapter 7: resource summary 2017/18	54

Chairman's foreword

Our work at the Money Advice Service has never been more important. The volatility that has shaken global financial markets will inevitably feed through to ordinary households. The pressures are nowhere greater felt than for those just managing to get by: one small shock – an unexpected bill, for example – can tip the delicate balance.

In an environment where eight million people have problems with debt the Money Advice Service is playing a number of critical roles: not just by delivering directly, and commissioning from others, but by increasing the resolve and ability of partner organisations to help people improve their money skills whenever they interact with the financial system.

Our new model is one of strategic co-ordination. In partnership with a wide range of expert organisations we look at the evidence of consumer need and, where we identify gaps, determine who is best placed to fill them. This means that we will unlock and co-ordinate the expertise and resources that are directed by other organisations into critical areas of need. Sometimes this will be by commissioning them to deliver, and sometimes by supplying the insight and tools that will make delivery funded by others more effective. At the same time we will continue to provide direct services ourselves where they fill a gap and are the most effective method of delivery.

So I cannot overstate the value and importance we place on working with and through partners, whether that be government bodies, the financial services sector or the many passionate organisations working on this agenda in the wider community. I warmly invite all of you to respond to our consultation questions on page 5 of this plan.

I saw the fruits of our approach in action during the first ever Financial Capability Week in November 2016. I was struck by the wide range of firms and organisations who shared expertise, ideas, and best practice with passion and enthusiasm. All around the UK, many other organisations were inspired to hold their own events having felt galvanised by the Financial Capability Strategy for the UK, which we launched a year ago.

This Business Plan for 2017/18 reaffirms the aims laid out last year in our Corporate Strategy. We have made good progress with our ambitious goals despite an uncertain backdrop. I want to thank the skilled and dedicated staff who have continued to deliver and innovate despite these challenges. And following the consultation document just published by the Government, I know all will be gratified to see the continuity between proposals set out for the new guidance body and these our plans for 2017/18.

In particular, I want to pay tribute to the leadership and direction of our Chief Executive Caroline Rookes who has led the organisation with clear-sighted determination through the most challenging of times. Last month Caroline announced her decision to retire after a long and distinguished career in public service. I know I echo the views of the Board, the staff and those in our wider network who have worked with Caroline when I say we thank her for all she has achieved and we wish her the very best for the future.



Andy Briscoe
Chairman of the
Money Advice Service

A handwritten signature in black ink, appearing to read 'Andy Briscoe', written in a cursive style.

Chief Executive's introduction

Over the past year we have taken major strides forward in our strategic, co-ordinated approach to helping people with money and debt. As a result, we are focused on:

- Making our direct services more cost-effective, and more targeted on specific groups of people with clearly identified needs. We have stopped direct services that did not represent good value, and improved the others.
- Directing the resources our improvements have released to influencing the wider sector through evidence, co-ordination and commissioning.

This 2017/18 Business Plan is deliberately ambitious, because, as our Chairman underlines in his Foreword, the needs are so great. By the end of 2017/18, we intend:

- to help 8.2 million unique individuals with money guidance, and serve 26 million customer visits;
- to fund advice sessions that will help close to half a million people to address their debts;
- to have robust evidence of What Works from 50+ projects in relation to 16 vital financial capability questions – the firm foundation for long-term progress in improving the ways people manage their money; and
- to have a view from teachers in England of what is really going on in financial education in schools – whether curriculum commitments are being met, and whether teachers feel confident in teaching money skills. This will be one of the essential building blocks towards our commissioning strategy for children and young people.

The landscape in which we work is always changing, and sometimes rapidly. For example:

- The financial pressures faced by local authorities mean many have either stopped or are considering stopping or reducing support for front-line debt charities. We are therefore recommending a £3m increase in debt advice funding (within a flat budget overall) to make sure at least part of the shortfall is met.
- Changes in the employment market mean that many self-employed people need debt advice that takes into account their small business status. We are therefore launching a specialist debt advice service to support their specific needs.

For the longer term, we will deliver a Debt Advice Strategy that takes a fundamental look at this dynamic landscape with partners across the sector – and we will set in motion their solutions.

The uncertainty about the future scope and shape of a money guidance body has naturally made this a difficult year for the Money Advice Service's staff. I want to pay tribute to my staff, fellow Directors and Board who have all remained focused on the task and given me great support.

On 19 December 2016 the Government released a consultation document setting out the view that the best future model is a single financial guidance body responsible for delivering well-integrated money, debt and pensions guidance. We also advocated this model, as we know from experience that people's money issues do not fall neatly into discrete categories, so we welcome the Government's proposals for the future direction of financial guidance.

On a personal note, I have announced my decision to retire at the end of the current financial year. I know I am leaving the Money Advice Service in good hands. The clear-sighted determination of those who work for the Money Advice Service is driven not just by their talent, but also by a profound motivation to help a wide range of fellow citizens thrive with their money.



Caroline Rookes
Chief Executive,
Money Advice Service

A handwritten signature in black ink, appearing to read 'Caroline Rookes'.

Executive summary

Delivering our Corporate Strategy *(pages 8–19)*

- Our December 2015 Corporate Strategy set out the belief that the most valuable thing we can do is align a wide and varied sector on the best ways to improve people's money management skills.
- Our analysis concluded we should fill gaps in debt advice, and help people in the segments we have identified as 'struggling' and 'squeezed' to improve their money management skills.
- Our debt advice funding is delivering advice to many more people across the UK working through our delivery partners, and we continue to improve access to advice across all channels; over 90% of clients take action to deal with their debts and many take additional actions to improve their day-to-day money management.
- We are achieving this through a sector-wide Financial Capability Strategy for the UK: generating valuable behavioural and economic insights and delivering a £7 million 'What Works Fund'.

Delivering through others (Aim 1) *(pages 20–28)*

- We will continue to provide the strategic leadership, secretariat, governance and 'research and development' functions for the Financial Capability Strategy for the UK (UK Strategy).
- In 2017/18 we will use evidence we have gathered to ensure a wider range of organisations, including non-financial ones, are able to act on the findings and goals of the UK Strategy.
- We expect to complete 50+ discrete 'What Works' projects across the UK, tackling 16 key financial capability questions to build robust evidence.
- We will also provide £3 million for a further round of What Works funding, and will run a Financial Capability Lab to stimulate innovation that addresses some of the most difficult financial capability challenges.

Earlier and wider access to debt advice (Aim 2) *(pages 29–32)*

- We will fund an additional 43,000 debt advice sessions in 2017/18 (a 10% rise), which we believe can be achieved for a 7% rise in the debt advice levy within a flat budget overall for the Money Advice Service.
- We will unite a range of organisations across the sector to develop a Debt Advice Strategy that will tackle problems related to co-ordinating funding, customer journeys, and the range of debt solutions.
- The growing need for debt advice, and the potential for funding levels to fall from other organisations, means that it is more important than ever that we maximise the impact and reach of MAS funding. We will therefore invite debt advice organisations to bid for funding to improve their digital advice offering and reach.
- We will further join debt advice and broader financial capability support.
- The Standard Financial Statement (SFS), which improves the consistency of client outcomes from debt advice will be built into the design of advice serving 75% of debt advice seekers, whether funded by MAS or by others.

More people budgeting and saving (Aim 3) *(pages 33–38)*

- In 2017/18, we will fill in knowledge gaps by funding What Works projects, explore the effectiveness of ‘rules of thumb’, and understand the significance of confidence as an enabler to save.
- We will also develop our approach to supporting the budgeting and saving needs of targeted Universal Credit claimant groups, including an online tool; and will test ways of encouraging more of our website and contact centre users from the ‘squeezed’ segment to focus on budgeting and savings goals.
- By autumn 2018, we will set out a comprehensive commissioning plan that sets out how our funding and the work of others can best help people in the ‘squeezed’ and ‘struggling’ segments to budget and save.

Improving access to guidance and advice (Aim 4) *(pages 39–43)*

- We will increase the number of people accessing our services from the ‘squeezed’ and ‘struggling’ segments to 3.7 million in 2017/18.
- We have closed our face-to-face service and are therefore helping boost the skills of money guidance practitioners in other organisations, and we will especially support voluntary sector organisations reaching into the ‘struggling’ segment.
- We will continue to deliver and refine an effective, low-cost digital service, receiving all its traffic from unpaid sources: and review our printed guides to ensure we have the right range and distribution.

Widening and improving financial education (Aim 5) *(pages 44–49)*

- We will survey and map children’s financial capability needs across the UK, encouraging funders to base decisions on this evidence.
- We will fund at least 10 ‘What Works’ projects that will build robust evidence, a parenting skills pilot and a Maths in Context pilot.
- By autumn 2018, we will have set out a commissioning plan that sets out how our funding and the work of others can best help financial education for children and young people, at home or in schools .

Measuring our impact *(pages 50–53)*

- We propose 18 key performance indicators we intend to meet to demonstrate that we are making progress across all five aims.

Resource summary *(pages 54–56)*

- We are proposing a flat budget of £75 million, with a £3 million reduction in our money guidance budget and a £3 million increase in our debt advice budget.

Questions for consultation

This document sets out the Money Advice Service's draft Business Plan for 2017/18 for consultation.

We invite stakeholders to review our draft plan and provide feedback on any aspect of it. We have included questions below on areas where we would particularly welcome views. **Please do not feel you have to answer all our questions** in any response you send, but we would request that you use our numbering system so that we can collate and compare everyone's responses.

The consultation closes on **6 February 2017**. Responses should be sent to: businessplan@moneyadvice.org.uk

We will publish our final 2017/18 Business Plan in March 2017.

Delivering our Corporate Strategy *(pages 8–19)*

1. Do you have any comments on the **analysis of customer needs** that underpins our Corporate Strategy?
2. Do you have any comments on the **approaches we have chosen** to meeting the different needs we have identified?

Aims 1–5: our programme of work for 2017/18 *(pages 20–49)*

3. Given the intent and scope of our aims, what are your comments on the **activities and priorities for April 2017–March 2018** we have set out in the **individual chapters covering each aim**?
4. Do you have any **evidence, research or insight** that can help make our programmes of work more effective?
5. With regard to digital, we invite third-sector organisations, including debt advice organisations, to comment on the type of support that could help them **expand their digital reach into the 'struggling' segment** and/or **directly deliver more debt advice through online or assisted self-service**. (See pages 40 and 29 respectively.)
6. Do you have any comments on whether our programmes of work fit the **differing circumstances and needs of people in the four countries** of England, Northern Ireland, Scotland and Wales?

Measuring our impact *(pages 50–53)*

7. Do you agree that the **performance indicators** we have identified effectively capture the intended impact of the Service's work?
8. Are there any other ways we should **measure our effectiveness**?

Questions about the plan overall

9. Following consultation with people in **Northern Ireland, Scotland and Wales** we have not published discrete chapters on our work in each country (we did this in previous years) but instead have **explained our plans for work in devolved countries in each chapter of this document**. Do you find this approach more successful than the discrete-chapter approach we used in previous years?
10. Is the plan **clear and easy to understand**? If not, please indicate sections that you think should be made clearer.

Half-year highlights from 2016/17

At the time of publication, we are more than halfway through the period covered by our current Business Plan (April 2016–March 2017).

Delivering through others

- In June 2016, we launched a new £7 million What Works Fund to drive a better understanding of which projects and interventions work best to help people make the most of their money. We considered over 400 bids and are now beginning to award funding to projects right across the UK to support rigorous evaluation.
- We held the UK's first ever Financial Capability Week from 14–20 November, with more than 300 organisations across the country taking part.

Earlier and wider access to debt advice

- More than 200,000 people received free debt advice sessions through our funded partners – an increase of 11% on the previous year.
- More than 3,000 debt advisers registered on our new 'Giving Good Advice' learning platform to evidence their knowledge and skills to deliver debt advice, and the number of accredited routes they have to improve their skills ('learning pathways') rose to 35.
- We funded peer reviews of case files in more than 70 organisations to highlight good practice and help organisations improve.
- We published our research that quantified and explored the barriers that stop people from seeking debt advice.
- We completed the development of the new Standard Financial Statement (SFS), which will for the first time provide debt advisers and creditors with a consistent way to assess clients' income and expenditure. The SFS will be rolled out from March 2017.

More people budgeting and saving

- More than 70% of people using our telephone service took action as a result, with more than 6 out of 10 taking action to budget and live within their means.
- We have piloted support for Universal Credit claimants with a new online budgeting tool, working in partnership with the Department for Work and Pensions, with work coaches referring claimants to the tool.

Improving access to guidance and advice

- We have had nearly 13 million customer visits to our website or contact centre – up 12% year-on-year, with more than 90% saying they received the help they required, would use the service again, or recommend it to others.
- We have improved the functionality of our Retirement Adviser Directory, which aims to help people get regulated advice on their retirement options. Between April and November 2016 the directory has had more than 43,000 users, with 14,000 going on to connect with a regulated adviser through the Directory.
- We have set up a direct referral arrangement from our contact centre to The Pensions Advisory Service, transferring thousands of calls.

Widening and improving financial education

- We have conducted ground-breaking research with our survey of close to 5,000 children and young people aged 4–17 and their parents, and our analysis of the 1970 British Cohort Study.
- Our parenting pilot 'Talk, Learn, Do' – in partnership with Big Lottery Wales – now covers all the local authority areas in Wales. The pilot aims to help parents to build financial education into their daily activities with their children.

This Business Plan for 2017/18 seeks to build on these and other successes, developing stronger and wider partnerships and finding new ways to turn the vision set out in the Financial Capability Strategy for the UK into reality.



Delivering our Corporate Strategy

Last year, we set out a three-year Corporate Strategy for the Money Advice Service. The response from the organisations who contributed to our consultation on it was overwhelmingly positive. The Business Plan for 2017/2018 on which we are now consulting is shaped by the vision and approach set out there. Here we reprise the key elements of the Corporate Strategy, how we arrived at it, and we set out the progress we have made in delivering against it.

When planning for the future, we have always begun with our statutory remit. In forming our Corporate Strategy, we have then linked the remit to our knowledge of what people need, and what the market does (and doesn't) provide them. These have enabled us to identify the most important gaps we believe we should fill as an organisation.

Identifying a gap does not settle *how* the Money Advice Service should fill it. There has been much debate in recent years about the best operating model for a money guidance body. In the last part of this overview, we set out our views on that debate. We will show how our 2017/18 work will support the Government's plans for a combined debt, money guidance and pensions body.

Our remit

We were established in 2010 by the Financial Services Act to enhance people's understanding and knowledge of financial matters and of the UK financial system, and improve their ability to manage their own financial affairs.

In 2012, through changes to the Financial Services Act, we were given responsibility for funding debt advice in the UK, and improving its quality, availability and consistency.

We are funded by the Financial Conduct Authority through levies it collects from the financial services firms it regulates.

This remit is broad, and choices have to be made in implementing it. Our starting point for those choices has been understanding what help people in the UK need with their money.

What do people need?

We respond to three kinds of money needs: the need for help in an emergency; the need for help with an issue at a particular point in time; and the need for longer-term improvements in people's financial abilities.

Nearly 8 million people in the UK are over-indebted, and for many among them, their debts constitute a real emergency. These people need help to face up to the reality of their debts, to understand the options available to them, and to re-plan their money and spending.

Among the remainder of the adult population, on a daily basis people have money questions. They may need to ask financial product questions (for example, which credit card is best for me?; which insurance will suit my needs?). Or they may be trying to strike the right balance between spending, saving and borrowing. To assist them with these point-in-time issues, they need to be able to find general explanatory information that guides them in the right direction.

Financial wellbeing is as much about habits as it is about making individual decisions. One of the most important outcomes is for every adult to build habits that lead to resilience – in the form of some money set aside, or some suitable insurance. These can help them withstand unexpected ‘income shocks’, such as unemployment, having a baby, or their car or major appliance breaking down. These are events that often lead to debt difficulties. But there are many routes to long-term improvement in money skills, from many starting points. One of the starting points is with children and young people, before they even become financially independent. If we can help them develop the skills and motivations that will help them stay on top of their money from the start, they can lead more financially successful lives – achieving higher returns, saving and investing more for later life, and choosing more appropriate financial products.

Understanding and prioritising the needs of adults

Bearing these principles in mind, in 2015 we set out to create a ground-breaking analysis to classify and prioritise the many needs and circumstances of the 50 million adults in the UK. We interviewed more than 3,000 people across the UK to find out how they managed money and debt. Based on what we learned, we **divided the adult population of the UK into three main segments**¹

- We identified 11.6 million people as ‘**struggling**’. They have low incomes, are more likely to be out of work or live in social housing, and are more likely to get all or part of their income from benefits. They manage their money tightly day to day, but find it hard to deal with unexpected expenses. So they are more likely to get into serious debt troubles when they experience income shocks – one quarter of this segment are already over-indebted.

STRUGGLING	They struggle to keep up with bills and payments and to build any form of savings buffer. They are the least financially resilient and the most likely to be over-indebted.	
22.7% of the UK adult population 11.6 million UK consumers	Profile:	
	 Most likely to have low or no qualifications : 60% (UK: 43%)	 Most likely to be not working or unemployed : 23% (UK: 12%)
	 Predominantly in social housing	 Heavily dependent on benefits
	Financial attributes:	
 Household Income (UK: £30K)	Attitudes and behaviours: Less likely to keep up with bills without difficulty : 49% (UK: 59%) Less confident managing money : 50% (UK: 58%) Think they budget well : 57% (UK: 61%)	
 Median Savings Value £50 (UK: £1,000)		
 Highest levels of over-indebtedness 24% (UK: 17%)		

1. For brevity we describe here these broad-brush, high-level segments. In the full model, each segment has further sub-segments divided by age group.

- We identified 12.7 million people as ‘**squeezed**’. These are typically working-age adults, and about half of them have families. Because around three-quarters of them live in private rented or mortgaged accommodation, income shocks can be very disruptive. And because they have significant spending, especially for their children, they are ‘just about managing’.² They tend to be unengaged with money and financial services, and over-use expensive short-term credit. We concluded that many of the people in this segment have at least some capacity, as well as the need, to build up savings to protect themselves. But they are hard to engage on this topic and harder to persuade. Unlike the struggling and over-indebted, few public or voluntary sector organisations exist to support them.

SQUEEZED

Working-age consumers with significant financial commitments but relatively little provision for coping with income shocks. They are digitally savvy and have high media consumption but this is more for entertainment than financial information.

24.9% of the UK adult population

12.7 million UK consumers

Profile:

 Mainly in **mortgaged** or **private rented** accommodation

 Most likely to be **full-time employed**: 58% (UK: 42%)

Financial attributes:

 **Household Income**
(UK: £30K)

 **Median Savings Value**
£580 (UK: £1,000)

 **Highest level of debt: income**
41% more than 1 month (UK: 30%)

 **Highest usage of non-mainstream credit**: 11% (UK: 7%)

Attitudes and behaviours:

Less likely to **keep up with bills without difficulty**: 49% (UK: 59%)

Less confident managing money: 52% (UK: 58%)

The smallest proportion who think they budget well: 51% (UK: 61%)

 **Highest smartphone ownership**: 73% (UK: 57%)

- We identified 24.5 million people as ‘**cushioned**’. This is a large group and it includes people of all ages, from those just leaving college to those who have been retired for many years. What they have in common (typically, but not always) is a reasonable amount of money they can call on to protect them against unexpected events; or suitable insurance products. They will tend to have higher incomes – alongside even higher expenses – and will be more engaged with financial products and services. When we looked at the needs of this group, which is very diverse, we focused on the people among them who:

- ▶ do not recognise that they have problem debts;
- ▶ are young, have a good income, but are not in control of their spending habits;
- ▶ need to make more realistic plans for their retirement; or
- ▶ need good guidance and advice on financial products and services.

2. There is considerable overlap between this segment and the families the Government and the Resolution Foundation have labelled ‘Just about managing’.

We think we should meet these needs in this segment, but we believe they are not as broad or acute as for people in the other two segments.

CUSHIONED

The most financially resilient group with the highest levels of income and savings and the lowest proportion of over-indebted. They are the most highly engaged with their finances.

48.2% of the UK adult population

24.5 million UK consumers

Profile:

 Most likely to be **owner-occupier**: 75% (UK: 59%)

 Most likely to be **retired**: 35% (UK: 23%)
Those of working age are more likely to be in **full-time employment**

Financial attributes:

 **Household Income** (UK: £30K)

 **Median Savings Value**
£5,500 (UK: £1,000)

 **Lowest proportion of credit card users who revolve their balance**

14% (UK: 20%)

Attitudes and behaviours:

More likely to **keep up with bills without difficulty**: 69% (UK: 59%)

More confident managing money: 65% (UK: 58%)

Think they **budget well**: 69% (UK: 61%)

Understanding and prioritising the money-related needs of children and young people

Clearly, children and young people have different money-related needs to the adult population. So in 2016, we began a similar process to the one we followed with adults – to map and prioritise the needs of children and young people. We started with an in-depth survey, whose baseline results will be published during quarter four of 2016/17. During 2017, we will then explore the data further and connect the survey results to our adult segmentation. This will allow us to conduct much deeper analysis focussing on those children facing financial and other difficulties that may make them vulnerable, and we will focus in on the effects of parental attitudes and behaviours.

It is worth noting how much more complex this task is. When thinking about the starting needs of children, the attitudes and circumstances of parents need to be taken into account, as well as the type of statutory financial education that may be available to each child in his or her school. There is a much smaller data trail: children have few or no financial records or products. And children’s knowledge, skills and motivations change very rapidly through their years of growth, compared to the relatively slower shifts in adult capability. Nonetheless, we are making good progress in delivering to the sector a comprehensive view of needs.

Figure 1 – Key findings about 16–17 year-olds from the children and young people (and parents) survey we conducted in 2016:



Figure 2 – Key findings about financial education in schools from the children and young people (and parents) survey we conducted in 2016:

Financial education in schools



Positively,
9 in 10 young people
who said they had learned about money management at school said it was useful



Understanding and prioritising what the market provides

Understanding needs is a starting point, but like every public organisation we recognise not every need can be met. And if private, voluntary or public sectors already provide – or could begin to provide – an effective answer to a need, of course we should not be duplicating their work. For our Corporate Strategy, we therefore undertook an exercise to map provision and identify the gaps that the Money Advice Service is uniquely well-positioned to fill.

We identified two types of gaps: **system gaps**, and **delivery gaps**. Our Corporate Strategy states that the top priority – our first aim – is to improve the system, and then to ensure that some very important gaps where nobody else is delivering are filled.

System gaps

Our view that there is a system gap reflects the sheer size of the problem. Around half the UK population have poor money skills; nearly 8 million people need help with their debts; and the small patchwork of financial education provision in schools reaches nowhere near the 10 million children and young people in the UK.³ Even the tens of millions of pounds of funding that we are able to call on are tiny when set against the size of this challenge.

So the first conclusion of our Corporate Strategy was that the most valuable thing we could possibly do with our money is help everyone else working on the problem to become more effective. For there are many players. The banks invest millions of pounds in financial education. There are thousands of trained teachers. There are tens of thousands of money advisors in voluntary organisations across the country; and (just as an example) the Department for Work and Pensions has a strategic interest in improving the budgeting skills of many of the 12 million people who will receive Universal Credit.

Despite the scale and reach of this activity, we concluded, and partner organisations agreed, that:

- There was no collective agreement on **the essential problems**. Different sources of evidence were cited in favour of different viewpoints.
- There was scant compelling evidence of **what actually works** to solve the problems – especially where prevention is the goal.
- There was no **single forum** where these issues could be discussed.
- There was no **action plan** that lined up all the players behind the same goal, and the efforts of the financial services industry and the voluntary and public sectors were not always aligned.
- There was no agreed **method of measuring progress**.
- There was no agreed view of the **costs and benefits** of large-scale change.

In response to these gaps at the system-wide level, in 2015 we published the **Financial Capability Strategy for the UK** (for brevity, we shorten it in this Business Plan to ‘the UK Strategy’): a document, backed up by people and processes, that set out how the gaps in the system could be filled.⁴ And we are pleased to say that 15 months on, many of them are now being filled – and with still greater and more impactful improvements in the pipeline.

The UK Strategy is not just a document – it is a process. The Money Advice Service has led the effort, provided support, advice, and some resources, but the UK Strategy will be (and must be) a collective effort.

The UK Strategy is therefore more wide ranging than what the Money Advice Service alone can or should do. For this reason, the Money Advice Service’s three-year Corporate Strategy is consistent with the UK Strategy, but does not try to deliver everything in it. We don’t have the resources or the reach and are not always the best messenger.

3. Children and young people in the UK aged between 5 and 18; ONS Statistics (rounded).

4. ‘Financial capability’ is shorthand for the different ways that we can improve people’s abilities to manage their everyday money well, plan ahead, and deal well with financial shocks.

The UK Strategy and devolution

The UK Strategy covers all four countries in the United Kingdom, but there are additional strategies, groups and processes, which complement it in each of the devolved countries.

In 2016, the Welsh Government published a **Financial Inclusion Strategy** that has embedded the Wales Strategy – and this connects to other social policy and outcomes important to the Welsh Government.

The **Scotland Strategy** recognises areas of Scottish Government policy and strategies that are relevant to its delivery.

In Northern Ireland the NI Executive have an established **Financial Capability Strategy** and Departmental Action plan. The UK Strategy complements the work that the NI Executive are leading on and combines the work of stakeholders in NI to maximise the collective impact.

Above all, we are seeking to ensure that the **sector as a whole has an impact** – so that anyone in need, whenever they come into contact with financial services, charities, government or education, can get good, effective help.

- ▶ *We have made significant progress with the UK Strategy in 2015 and 2016 – our first and foremost aim (Aim 1). To see how we plan to work with partners to take forward the UK Strategy in 2017/18, see Chapter 1 of this plan, pages 20–28.*

Delivery gaps

Delivery gaps exist where people need help, and where we are convinced that if we don't provide that help, nobody else will.

Earlier and wider access to debt advice

More than half our budget helps people to manage their debts – we fill a significant (and increasing) funding gap. These people come from the 'struggling', 'squeezed' and 'cushioned' segments identified above, but with more of them from the 'struggling'.

- ▶ *For more on our detailed 2017/18 plans for this second strategic aim, see chapter 2 of this plan, pages 29–32.*

More people budgeting and saving

Our Corporate Strategy identified a gap in help for people in the 'struggling' and 'squeezed' segments to budget and save. Millions of people fit these descriptions, so they have many different needs. In the next two years we want to fill the gap of evidence-based provision that can help significant numbers of people in selected sub-segments. We'll need to build a new alliance of partners behind our plans, as the savings and insurance industry understandably maximises their messages and advertising towards people in the more profitable 'cushioned' segment.

- ▶ *For more on our detailed 2017/18 plans for this third strategic aim, see chapter 3 of this plan, pages 33–38.*

Improving access to guidance and advice

People of all ages, and in all segments, can be confused by financial products, financial jargon and even the basic labelling of financial advice. When we were set up, we planned to address this by providing impartial information on most financial topics through a website and telephone service, and offering face-to-face support with money topics such as budgeting, saving and benefits.

Our Corporate Strategy took us towards a much more selective approach. We are in the process of changing our direct channels to reflect it. We no longer offer face-to-face guidance. We have reworked our telephone channel in the first half of 2016/17, and will be refocusing the success measures for our website in 2017/18.

The most important gap we see is the lack of engagement between millions of people in the 'squeezed' segment and most forms of financial guidance. We will judge our direct channels in particular on their ability to connect with people in this segment. And we will work with other organisations across the sector to support them to help both the 'struggling' and 'squeezed' segments.

► *For more on our detailed 2017/18 plans for this fourth strategic aim, see chapter 4 of this plan, pages 39–43.*

Widening and improving financial education

In our Corporate Strategy work, we identified many important gaps in the help for children and young people. Despite a formal place in the secondary school curriculum, only about 40% of children and young people of any age recall receiving financial education in school. And at home, only 1 in 3 parents talk to their children about household finances.

Within the next two years we shall know which gaps we should be filling in this wide landscape – very likely leaning towards support for parents to develop their children's money management skills. By contrast, for schools, we are aiming to build and spread the evidence that will motivate teachers to deliver financial education. We will need to provide evidence that it will complement, rather than compete with, other curriculum goals.

► *For more on our detailed 2017/18 plans for this fifth strategic aim, see chapter 5 of this plan, pages 44–49*

Progress against our Corporate Strategy

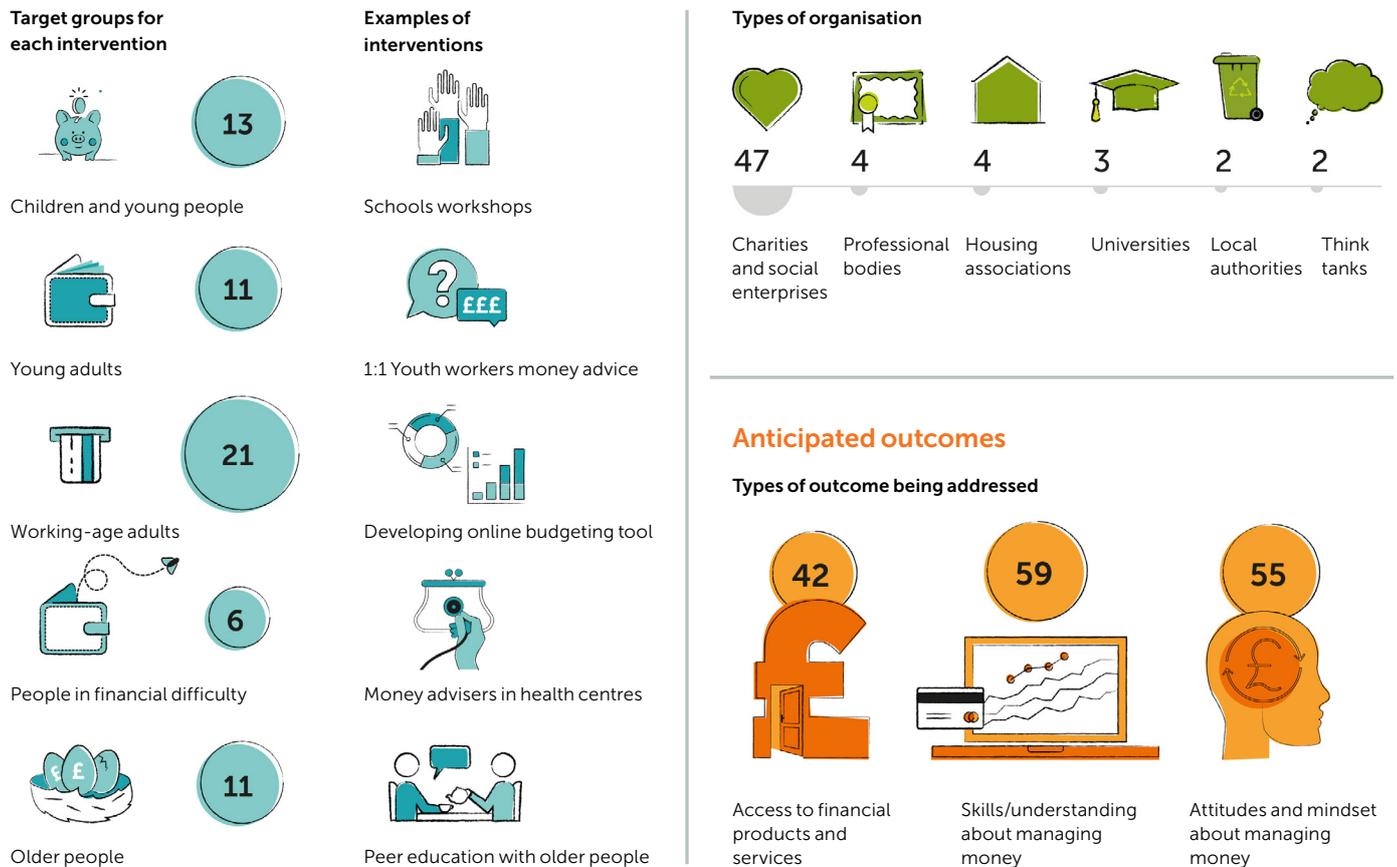
Since we published our Corporate Strategy this time last year, we have made tremendous strides in implementing it. Here we give the most important headlines. In the later chapters of this plan there is more detail about what we have achieved in each of the five aims.

We have mobilised and motivated a wide range of organisations to support the Financial Capability Strategy for the UK. We have an active Financial Capability Board and theme-specific steering groups. Each steering group is agreeing a collective action plan that will be published in 2017, setting out a common agenda for each theme, and enabling more organisations to align their work with the priorities of the group. Many of these organisations have signed up to the 'IMPACT Principles', which commit them to build and share evidence of What Works. We have supported more than 50 organisations to develop their skills in evaluation. More than 300 organisations supported the UK's first ever Financial Capability Week (14–20 November 2016), which sent out a collective signal about how important they think financial capability is to the economy and health of the nation.

We have also put in place three vitally important foundations for the 10-year programme of change in the UK Strategy:

- We have developed, with the agreement of the Financial Capability Board, a **hypothesis about the 'building blocks' of behaviour** that could change money management for the better, with clear goals for activities. These can be used in future to track the progress of the UK Strategy overall.
- We have constructed an entirely new population-level model of **the economic benefits that consumers could realise from improved financial capability**. The model indicates that if there were a small improvement in the money management skills of every adult in the UK, they would collectively be better off to the tune of £108 billion over a 30-year period. We expect to use this to build better business cases to increase the overall level of funding going into financial capability work.
- We have set up a new **'What Works Fund'** to create an evidence base of effective methods to improve people's money skills. Each project we support will answer a priority financial capability question, based on the needs identified through the UK Strategy. We expect to use the results of this to improve delivery in many settings across the UK.

Figure 3 – Our What Works Fund projects, which will deliver throughout 2017/18, cover a wide range of settings and work with a variety of organisations (the numbers are indicative, a snapshot of the first 62 projects entering into grant development):



One area where we have not made the progress we wanted in year one of our Corporate Strategy is co-ordinating public, private and voluntary sector organisations in the debt sector to unite behind common goals. We set up a Debt Advice Steering Group, as part of the financial difficulties theme of the UK Strategy, to conduct this work. We have taken stock of the work of this group. We now see a need in 2017/18 to get a different (and tighter) configuration of influential organisations to look at some very specific issues. We need to look at how debt advice is funded; how indebted people experience customer journeys; and whether the legal portfolio of debt solutions matches their needs (and of the supply chain that provides the advice). We will consolidate this work in a Debt Advice Strategy in 2017/18 that we hope will echo (and complement) the successes of the wider UK Strategy.

Nonetheless, over this last year, we have made enormous strides in galvanising and mobilising a wide and diverse financial capability sector; and in creating critical tools and evidence that will be in use for many years to help check progress. In October 2015 there were many active organisations – but no agreement on how to plan and co-ordinate. Now hundreds are collaborating. Their collaboration spans the public, voluntary and private sectors. To name a few, Money and Mental Health, Quaker Social Action, Experian, Lloyds Bank, Royal London, Ofsted and Starbucks are now part of the same network for collective impact, discussing the same outcomes, and attending thematic workshops to solve common issues.

The institutional landscape

The progress we have made has been against the backdrop of a changing and uncertain landscape. Since March 2015, there have been three major statements on the Money Advice Service:

- In March 2015, Christine Farnish published her **Independent Review of the Money Advice Service**. This review said the Service was essential, but proposed a shift to working through the wider sector rather than relying on direct channels. It also encouraged us to become a more strategic and influencing body. We put in place a senior external stakeholder steering group to help us digest the recommendations of the Review; with some minor alterations, and additional customer insight, **they became the basis of the three-year Corporate Strategy outlined above**.
- In mid-2015, HM Treasury published a consultation document asking for views about the future of public financial guidance, and in March 2016, the Government **published its next steps**. These next steps announced that the Money Advice Service would be abolished by April 2018, to be replaced by a new guidance body focused on commissioning, without direct channels or a consumer brand. It also stated that the functions of Pension Wise and the Pensions Advisory Service would be joined in a new pensions guidance body.
- On 19 December 2016, the Government **set out a fresh consultation** proposing a different plan from the one set out in March. This proposes that functions from the Money Advice Service, Pension Wise and the Pensions Advisory Service should be delivered by a single financial guidance body, no earlier than autumn 2018. (The Government's consultation on its proposals closes on 13 February 2017.)

Almost everyone agrees on the scale of the challenge and the need for a public body to be involved in addressing it. But the fact that gaps exist has not settled how they should be filled. These announcements therefore reflect a restless debate about the optimum way for a money guidance body to help consumers.

In our [submission to the Treasury consultation in 2015](#), we made the case for guidance about money (including debt and pensions) to be within the umbrella of a single organisation. We believe this is the best way to ensure more effective support for consumers, more efficient interactions with stakeholders, and value for money for levy-payers.

We therefore welcome the Government's December 2016 consultation. We have also emphasised the importance of sector-wide collaboration on the Financial Capability Strategy for the UK, and commissioning other organisations to do more of what they do best. We think these ways of helping people with their money are essential to complement direct-to-consumer channels run by a public body. The ability to offer high-quality digital delivery channels across all guidance issues has been an important part of the argument for the creation of a single guidance organisation. We believe that there will be a continuing need to provide direct guidance across a range of issues where prominent information doesn't have consumers' best interests at heart, or where good information simply doesn't reach them. But at the same time needless duplication of guidance should be avoided, and decisions about the delivery of any service should not start with a belief that either direct channels or others' channels are necessarily best.

We agree that the heart of the new body should be strategy, policy, and insight, using research into consumer behaviour to decide the best ways to meet people's immediate and long-term needs, and identifying the most cost-effective channels to deliver them.

Towards the new body

The Government's consultation proposes that the single financial guidance body will not come into existence before autumn 2018 at the earliest. So this 2017/18 Business Plan will also be followed by a 2018/19 Business Plan for the Money Advice Service.

We intend that the 2018/19 plan will ensure a smooth transition into the new body. In the meantime, we plan to fulfil our statutory remit – informed by consumer needs, we will fill the gaps our Corporate Strategy identifies. And we will join up this work ever more closely with The Pensions Advisory Service and Pension Wise.

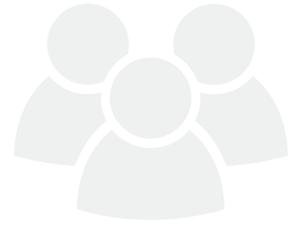
Successful implementation of our three-year Corporate Strategy will support the new body in numerous ways:

- **developing a rich set of relationships** with the wider sector, putting in place the networks the new body will need to enhance its overall impact;
- **building a shared understanding** of customer needs and agreement on what gaps need to be filled;
- **generating a strong evidence base** – especially through the What Works Fund – around the most effective ways to influence people's skills and behaviours;
- **enhancing the effectiveness of our direct channels** – particularly in relation to the 'squeezed' segment – so that they meet people's immediate guidance needs in relation to particular financial decisions, and also help them engage with their money in a more fundamental way, to build their financial resilience and plan ahead;
- **commissioning large-scale interventions for people** in the 'struggling' and 'squeezed' segments, based on evidence of what works, so that there will be a model already in place of how to operate such a commissioning approach – and extending that more holistic approach to how we best advance support for children and young people;
- **uniting the debt sector** behind a shared strategy with a common understanding of – and answers to – issues around funding, customer journeys and the range of statutory debt solutions available.

To improve the UK's money management skills will require much more effective prevention and education, and much greater take-up of help in times of crisis. Both will require many touchpoints with people of all ages, and many organisations will need to have clear plans, effective methods, and a commitment to measuring and improving outcomes. This is a long-term job.

In the first full year of our Corporate Strategy, we have moved much closer to the kind of organisation we set out to be: a fruitful partner to many others, providing the insight, tools and leadership to help everyone become more effective. **We are by no means at the end of that journey**, but we believe that if we continue on the path we have set out, the reach, capabilities and focus of the new single financial guidance body will be very much enhanced by what we have achieved, developed and delivered.

Chapter 1: delivering through others



The strategic aim

AIM 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 **Financial Capability Strategy for the UK (UK Strategy)** set out a ten-year vision for how hundreds of organisations across the country – including from government, business and the not-for-profit sector – can work together to help millions of people make the most of their money. Working towards shared goals, we believe we can achieve more than by individual organisations acting in isolation.

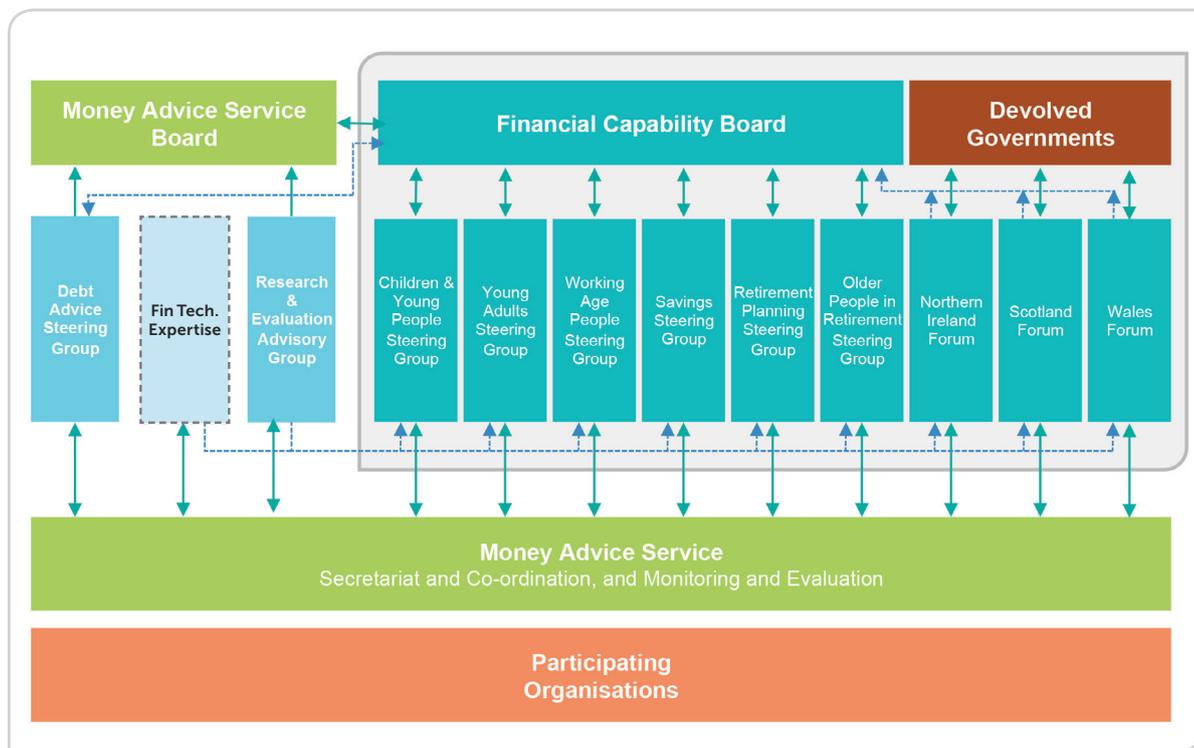
The UK Strategy covers the whole of the UK – there are specific strategies for Scotland and Wales, and we work closely alongside the Northern Ireland Executive to align our work with their Financial Capability Strategy.

Leading and driving engagement

Little more than a year since its launch, there is already huge momentum around the UK Strategy, with people and organisations from very different sectors playing a full and active part, and charities working alongside financial institutions to help deliver. An important aim of our work in 2017/18 will be to build on this momentum.

We support and enable the work of a number of thematic Steering Groups, which help drive the implementation of the UK Strategy. In 2016/17, the Steering Groups have been drawing up detailed action plans. In 2017/18, through the Steering Groups and a range of other strategic alliances, we will help bring people and organisations together in partnerships and projects that take these plans forward.

Figure 4 – We support the Financial Capability Strategy for the UK with a governance structure that enables experts to focus on all the key life stages where money needs change, and the differences in people's money needs across the UK



In 2017/18 we intend to build wider and deeper relationships with firms in the financial services sector. Their millions of daily touchpoints with consumers give them both influence and insight. We intend to harness both.

For example, in November 2016 the Payments Strategy Forum published a **Payments strategy for the 21st century**, which included financial capability principles for payments design and delivery that will support all users of payment systems. These principles prompt providers to recognise the diversity of consumer experience, work alongside other organisations delivering the UK Strategy, and share insight and evidence – all in the service of helping consumers better manage their money. In 2017/18 we intend to continue this approach with other parts of the financial services industry, drawing on:

- our segmentation approach, which, because it can help identify less financially capable consumers, has caught the interest of seven major financial institutions and has been applied across their customer base by four of them;
- the work we completed in 2016 to identify the main 'building blocks' of financial behaviour; and
- the analysis we published in 2016 regarding the wider economic benefits of improved financial capability.

Financial Capability Week, 13-19 November 2017

From 14–20 November 2016 we ran the UK's first ever **Financial Capability Week**, featuring a series of events to raise awareness of the importance of financial capability, why it matters, and the contributions a range of different organisations are making. From 13-19 November 2017 we will run a second such week.

2016's Financial Capability Week began with an event to highlight the need for high-quality financial education, held at the Bank of England Museum and featuring young people alongside 'Money Saving Expert' Martin Lewis (picture below). This was followed by a reception in Westminster, hosted by Suella Fernandes MP, who chaired the All-Party Parliamentary Group on Financial Education's recent six-month inquiry – part-funded by the Money Advice Service – into financial education in schools. We used this opportunity to share the initial findings of an in-depth survey of children and young people, and their parents (see chapter 5 for more details).

2016 events attracted attention right across the UK, with more than 300 organisations taking part in various ways. The **#FinCapWeek** hashtag was used more than 2,000 times during the week, and the opening-day 'thunderclap' of combined tweets fed into the Twitter feeds of 1.5 million people. The First Minister of Wales, Carwyn Jones, used the occasion to refer to our **partnership with the Welsh Government to support financial education in schools** and the West Wales Financial Capability Forum marked the week with a meeting to celebrate the work being done to improve financial capability in a rural setting. It also inspired a week of events focused on financial capability in Scotland in March 2017.

Just as in 2016, we expect that 2017 events will provide an opportunity for organisations participating in the UK Strategy to network and share ideas; to share research and progress, especially from our What Works Fund. We also expect it to bring leaders from other walks of life into the discussions, so they can understand how their influence could make a difference.

The plans for the 2017 Financial Capability Week are already taking shape. To get involved contact the Financial Capability team at enquiries@fincap.org.uk or on Twitter [@FinCapStrategy](https://twitter.com/FinCapStrategy).



Evidence and evaluation

To have the greatest possible impact on people’s financial wellbeing, we need to have a clear idea of What Works. There are numerous organisations running projects and interventions aimed at improving people’s financial outcomes and helping them to develop their skills and confidence with money – but there is currently too little robust evidence as to which are the most effective ways to achieve that. The UK Strategy vision is for a highly effective financial capability sector, in which programmes are carefully evaluated, evidence is generated that allows organisations to learn from and share what they find, and resources are directed to interventions that have been shown to work.

As part of the Money Advice Service’s contribution to achieving this, we have put in place:

- a set of **IMPACT Principles**, which encourage organisations to commit to **good practice and sharing** of evidence and evaluation;
- an **Evaluation Toolkit** – to help organisations **generate, use and share** better evidence;
- an **Evidence Hub** – to provide a **platform for organising and sharing** financial capability evidence and insight from the UK and worldwide;
- the **What Works Fund**, to **build a significant body of evidence** in key gaps, which will then be published on the Hub.

The Financial Capability IMPACT Principles

At the time of writing, 30 organisations (see logos on the right) have signed up to the IMPACT Principles, which seek to raise awareness of good practice in evidence and evaluation, and offer guidance and support to individuals and organisations to embed that good practice in their own work.

In 2017/18 we will engage with a wide range of organisations to encourage more to sign up to the Principles, and will support them make the most of our evaluation tools.

- I mpact champion**
You consider evidence and evaluation at every stage of commissioning and delivering financial capability programmes, and champion the approach to others.
- M ind the gap**
When making decisions about the programmes you fund or deliver, you take into account the gaps in both current provision and knowledge about what is effective.
- P roperly resource it**
You allocate sufficient resources to evaluation to ensure it is high quality and reliable, and ensure the scale is proportionate to the programme in question.
- A dd to the wider evidence base**
You are committed to sharing learning about what has worked well and less well from the evaluation of your programmes, through the Evidence Hub, so that others can benefit from what you find.
- C onsistency when measuring outcomes**
You use the Financial Capability Outcome Frameworks when developing new evaluations (unless there is a clear justification for not doing so). These will improve the way impact is measured and enable stronger conclusions to be made about the most effective means of improving people’s financial capability.
- T ake 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.



The Evaluation Toolkit

The **Evaluation Toolkit** helps organisations plan and carry out effective evaluation of the impact their projects have.

It includes a set of **Outcomes Frameworks**, to drive consistency and comparability of evaluation by providing a set of potential outcomes and measurement tools that organisations can use to evaluate their work. At present there are outcomes frameworks for children and young people, and parents; teachers; working-age adults; and older people.

In 2017/18 we will seek to encourage the widespread use of the outcomes frameworks across a range of new and existing projects. We will also develop a youth practice outcomes framework for practitioners, advisers and volunteers who support 13- to 25-year-olds.

An Evaluation Cohort

In April, we initiated a project with The Social Innovation Partnership (TSIP) to work closely with ten organisations to help them embed a robust approach to evaluation into the work they do with children and young people. The project adopted a 'cohort' approach, enabling the organisations to learn with and from each other as well as gaining expert advice from TSIP.

So far the feedback from the partners involved in the project has been overwhelmingly positive and a number of actions are being put in place that will help drive improved evidence and assessment.

In 2017/18 we plan to extend this approach to a further ten organisations working with other age groups.

The Evidence Hub

We launched our **Financial Capability Evidence Hub** in March 2015, to bring together details of evidence from projects – in the UK and around the world – aimed at helping people improve their financial capability.

This year, based on user and stakeholder feedback we have significantly revamped the Hub. It now embraces a broader range of evidence: not only a wider selection of evaluation evidence but also financial capability insight. This work has been supported by The Social Innovation Partnership (TSIP) and quality-assured by the Personal Finance Research Centre at the University of Bristol.

There are currently 91 studies collected on the Hub. In 2017/18 we will look to increase this further – including lodging the evaluation of What Works Fund projects as they are completed – and develop strategies to share the evidence more widely to inform the funding and design of future interventions.

Figure 5 – The updated Evidence Hub is now one of the leading websites in the world for selected and summarised reports and papers that identify What Works in improving people’s money management skills

The screenshot displays the Evidence Hub website interface. At the top left is the logo for Financial Capability Strategy for the UK. The main navigation bar includes links for Strategy, Themes, Evidence & Evaluation (highlighted in teal), About, and News. A secondary teal navigation bar contains links for Evidence & Evaluation Strategy, Financial Capability Survey, Evidence Hub (highlighted), Impact Principles, and Evaluation Toolkit. The main content area is titled 'Evidence Summaries' and features a search bar with the text 'Enter Keyword', a 'SEARCH' button, and a 'Clear filters' link. Below the search bar is a 'Filter your search' section with options for 'Year of publication' (All years, Last 5 years, More than 5 years ago) and 'Client Group' (Children (3 - 11), Young people (12 - 16), Parents / families, Young adults (17 - 24), Working age (18 - 65)). The search results show '91 documents found' and 'Page 1 of 5'. Two results are visible: 'Financial Technology (FinTech) research briefing' (marked 'NEW') and 'Building blocks to help youth achieve financial capability' (marked 'NEW').

The What Works Fund

In June 2016 we launched the **What Works Fund** – a new £7 million fund dedicated to tackling the gaps in evidence identified by the Financial Capability Strategy for the UK, establishing the most effective ways of engaging with different groups and helping them manage their money. The Fund has now started awarding grants to an initial tranche of more than 50 projects so that they can conduct rigorous evaluation of the impact they are having. These projects will begin delivery in the first quarter of 2017 and complete by March 2018.

As well as providing funding for these initiatives, we will be working closely with the organisations delivering them over the course of 2017/18 to ensure that their impacts are measured clearly and consistently, and widely shared. (All organisations receiving grants from the What Works Fund have signed up to the IMPACT Principles as a condition of their funding.) This will enable their learnings to be applied by many other organisations, well beyond the grant recipients themselves. Throughout this plan we include some illustrative examples of What Works projects we will be supporting throughout 2017/18. By the time we have finished our grant development process, there will be many other excellent projects (including 12 we are developing for delivery in Northern Ireland). We intend to publish brief summaries of all of them in the final version of our Business Plan.

What Works funding across the UK: testing the role of digital inclusion

Good Things Foundation is a charity that supports digitally and socially excluded people to engage with digital and use it to improve their lives. They work with a network of over 5,000 community organisations across the UK, delivering digital inclusion through a model combining face-to-face community support and easy-to-use digital learning.

In 2017/18, we will be supporting Good Things Foundation, working with partners Toyne Hall and the University of Sheffield, to measure whether financial capability interventions can be made more effective when they are delivered alongside more general help to get people using digital services.

Delivery of the project will be carried out by community-based partners in the UK Online network, who will also be responsible for engaging participants, motivating and inspiring them to participate and complete the project. To ensure statistical significance in the results of the project, 18 UK Online Centres will each be funded to engage 40 participants.

What Works funding in Wales: peer-to-peer support

Youth Cymru is a charity that works with youth clubs, service providers, other charities, individuals and many companies in the corporate sector to help provide services and amenities for young people in Wales. In 2017/18, we will be supporting Youth Cymru to understand the effectiveness of peer-to-peer financial capability training programmes in comparison to teacher-to-peer training.

A financial capability toolkit will be tested with 60 young adults who are accessing vocational training from ITEC in South Wales. The target young adults are likely to have low basic skills, have had negative experiences of learning, and possibly will be marginalised and vulnerable to financial shocks. The training outcomes from this peer-to-peer group will be evaluated and compared with that of a control group of 60 young adults that will have received ITEC teacher-to-peer financial capability training.

What Works funding in Scotland: building young people's financial awareness

The charity Young Scot is a leading national youth information and citizenship charity for Scotland that supports young people, aged 11–26 to make meaning of their lives, through informed decisions, having access to opportunities and the ability to shape services, policy and decision-making.

Young Scot's engagement with young adults to understand their attitudes to credit and debt demonstrated that those transitioning from school into further and higher education had a lack of understanding and awareness of the financial support available to them, which then impacted on their ability to budget and manage their money effectively at college or university. They were also unaware of sources of support that they could access should they require financial assistance.

We are funding Young Scot to dig deeper into these issues by establishing a student-led investigation. They will recruit a core group of 15 young people aged 16–25 from across Scotland and who are attending further or higher education. These young people will form a Student Investigation Panel (SIP) and will work with their peers and other stakeholders to understand what financial capability support and interventions currently exist for students across Scotland, what gaps exist in provision and how these can be addressed, especially by joining up the work of existing organisations.

In 2017/18 we will also **open up to grant applicants a new What Works Fund of £3 million** to help us fill gaps in evidence that will still exist when the 50+ projects are funded; and to test some of the most promising interventions from the 50+ over longer timeframes or an expanded scale to work out whether they could be cost-effectively delivered all across the UK. At the same time we will begin to share the evidence from the fund through many mechanisms, including face-to-face adviser networks across the UK.

What Works funding to improve the skills of face-to-face advisers

An effective practitioner base is at the heart of delivery. The learnings from the What Works Fund will be adopted more widely and implemented more effectively if there are more effective mechanisms for sharing and adopting the latest evidence, and greater consistency in the work of money guidance practitioners.

So as part of our What Works Fund in 2016/17, we have also launched a stream of work to **enhance the capacity and expertise of practitioners providing face-to-face money guidance or financial capability support to adults.**

Fourteen leading organisations from the money guidance, learning and skills, youth and community sectors have come together to determine ways of meeting the resource and learning needs of frontline practitioners offering money-guidance or financial-capability support to adults of all ages and from a range of situations. Chaired by Yvonne MacDermid, CEO of Money Advice Scotland, this consortium is looking at the needs of practitioners for whom financial capability provision may be one of a number of elements within their professional practice, right through to the needs of practitioners whose primary job is providing money guidance to people who access their services.

The consortium intends to arrive at a framework of practitioner competencies and learning/training needs by the end of March, from which we will determine next steps.

We have made provision in our plans for 2017/18 to fund delivery of solutions that can provide a good return on investment across the whole sector.

The Financial Capability Lab

As part of our What Works Fund, we are working with the Behavioural Insights Team (BIT) and Ipsos MORI to create a process we have called the 'Financial Capability Lab'. The Lab has three main aims:

- ▶ to generate new ideas that could address some of the most complex and difficult financial capability challenges facing people across the UK. We have designed the Lab to look in particular at those What Works questions where we expect to fund fewer (or no) projects through the larger What Works Fund;
- ▶ to conduct rapid tests of new ideas that could improve financial capability, using qualitative methods and a new online experimentation platform called Predictiv; and
- ▶ to put forward recommendations for pilots later in 2017/18, which could test at a larger scale the Lab ideas that have shown significant promise.

To deliver this, we have designed with BIT and Ipsos MORI a structured process by which we can conduct rapid experiments in improving people's money skills, using a variety of everyday settings.

The Lab started work in November 2016, focused on the following What Works question:

'How can we encourage working-age people who are just managing to build up a savings buffer, to withstand financial shocks?'

We will conduct a gateway review after the first round of tests of ideas to tackle this question, then, subject to that review, the Lab will then tackle two further What Works questions, concluding in October 2017.

By the end of 2017/18 we expect to see more organisations aligning their work with the Financial Capability Strategy for the UK, advocating the UK Strategy and taking actions to drive it forward.

This will mean more widespread engagement with evidence and insight about financial capability – and the use of that knowledge to inform the decisions made by funders, practitioners and policy makers about the design and delivery of their activity.

Chapter 2: earlier and wider access to debt advice



The strategic aim

AIM 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.

We aim to help people avoid getting into unmanageable debt but, for those who do, we fund the provision of free, high-quality debt advice, delivered by our partners across the UK. The Money Advice Service is the largest single funder of free face-to-face debt advice in England, and a significant funding partner in the devolved countries.

Our statutory remit is to increase access, drive higher-quality advice and improve the consistency of outcomes for people who receive debt advice across the UK – including those we do not fund directly. Our aim is to make sure people get the help they need to deal with their immediate needs, manage their debts, and to support them to build their financial resilience so they are less likely to get into difficulties again.

Responding to a changing debt advice landscape

The need for high-quality debt advice is clear: around 8 million people in the UK are struggling with burdensome debts. Younger adults, larger families, those living in rented accommodation and single parents are at particularly high risk. But fewer than one in five of those who are over-indebted actively seek advice. An important learning from our work in 2016/17 has been understanding the reasons – including psychological barriers – for people not seeking help of any form, or formal debt advice; and to work with advice providers, creditors and others to find ways of overcoming them.

Our research shows there has been a small drop in overall levels of over-indebtedness. However, a shift in the types of debt, has put pressure on the funding models of some debt advice providers, and the pressures on other sources of debt advice funding means that supply has fallen over the last 12 months.

We have recognised the growth in the number of people who are self-employed and struggling with personal debts, and who need to access high-quality free debt advice. So in 2017/18 we will allocate funding to provide additional capacity to provide that specialist advice.

We are responding to these challenges by proposing an increase in our debt advice funding to £48m million in 2017/18 – an increase of £3 million (7%) on the current year. At the same time we will continue to look for ways to make our funding go further. As part of this we will offer support to advice agencies to improve their digital advice offering so that more people can access free, high-quality debt advice through a range of delivery channels.

We expect our funding in 2017/18 to deliver free, high-quality debt advice to 43,000 more people, taking the total number of free debt advice sessions delivered through our partners to 468,000.

Our funded services across the UK

In **England** we fund free, high-quality debt advice through a range of partner organisations: Citizens Advice, Capitalise, Talking Money, East Midlands Money Advice and Greater Merseyside Money Advice Partnership.

In **Wales** we fund services through Citizens Advice and work closely with the Welsh Government.

Our existing three-year funding agreements come to an end in September 2017. We will extend those services while working with the sector to co-design new services across England and in Wales.

In **Scotland** we have a successful partnership with the Scottish Government, jointly funding a series of debt advice projects administered by the Scottish Legal Aid Board (SLAB). These projects work with agencies that can help deliver advice to hard-to-reach groups – for example: organisations that deal with disabled people, those who have been subjected to domestic abuse, or people with mental health conditions.

In **Northern Ireland** we have grant agreements in place in two streams, covering multi-channel advice across the 11 local authority areas; and community-based projects aimed at engaging hard-to-reach groups with debt advice.

What Works Fund: Money Champions in the community

One key point where our debt advice work joins with financial capability is helping people to face up to their money issues early enough that they don't need to access a formal debt solution. So during 2017/18, we will be supporting Citizens Advice in Southwark to evaluate the effectiveness of its approach to delivering training to those impacted by benefit changes or showing signs of financial distress. It will test:

- ▶ Are people who are already on the path to financial exclusion or problem debt able to take on board and act on financial capability messages, or do their problems prevent them from taking positive action?
- ▶ Do community-based financial capability champions increase awareness and understanding of positive financial behaviours and actions?

The intervention is expected to serve mostly people from the 'struggling' segment. Twelve events will serve around 45 people in each event, measuring improvements against the relevant outcomes framework. At the same time, 100 Money Champions will work across the community to support still more people at risk of financial exclusion or problem debt.

The evaluation will involve pre- and post-surveys, focus groups and a comparison group selected from the community who have not received any form of intervention. The final evaluation report will be produced early in 2018.

A new Debt Advice Strategy

By working together, we can do more to drive good practice across the sector, promote common solutions and improve and share ways of working to ensure that clients receive a consistently high standard of service wherever and however they choose to access debt advice.

Since taking up our statutory responsibilities for the debt advice sector, we have consistently pursued a collaborative approach, working not just with the partners we fund directly but with others across the sector. Our Debt Advice Steering Group (DASG), established in 2015, brings together senior representatives from the main advice providers and also from creditor organisations.

In 2017/18 one of our main aims is to draw up a new strategy for debt advice, with the sector as a whole leading, owning and signing up to it.

The Debt Advice Strategy will look at the whole range of issues affecting the sector, including:

- funding for debt advice;
- gaps in provision;
- improving engagement and take-up;
- the effect of creditor practices;
- types of advice intervention; and
- client outcomes.

This range of topics means we will need to work very closely with HM Treasury and the Financial Conduct Authority in managing the process and agreeing collective conclusions. We expect the Debt Advice Strategy to generate some important collaborative programmes of work. We will plan and resource at least three to be up and running by the end of 2017/18.

Improving the quality and consistency of debt advice

Since taking on responsibility for the co-ordination of debt advice, we have worked with the sector to put in place a range of initiatives aimed at improving the quality and consistency of the services clients receive.

Last year we launched a new peer review scheme, with specialist debt advisers assessing the work of other advisers and providing pointers for improvement and development. We expect to share the first annual review of the scheme early in 2017, and the findings will inform our work – and that of the sector as a whole – in the next financial year.

Giving Good Debt Advice

The **Quality Framework** we introduced in 2013 means that the organisations we fund, and the advisers who provide services directly to clients, all operate under an accredited standard.

In 2017/18 the organisations that operate these standards will begin to audit whether practitioners have been trained or qualified to have the relevant knowledge for their specific role.

We have worked with the advice sector to develop an online platform to allow advisers to access e-learning modules and assessments to show that they have the requisite technical knowledge to act as advisers, specialist caseworkers, or court representatives.

Developing the skills base

Building on the findings from the peer review scheme and the audit of accredited standards, a priority for 2017/18 is to identify skills gaps among the debt advice community and develop a sector-wide plan so that the skills mix is sufficient to meet demand.

Standard Financial Statement

In 2017/18, we will complete the roll-out of a new **Standard Financial Statement (SFS)**, which for the first time brings together all the necessary information about clients' income and expenditure in a common form, and provides a single set of spending guidelines.

The SFS has been developed in partnership with advice providers, creditors, trade associations and other interested parties. It is a landmark development for debt advice in the UK, bringing greater consistency to debt advice and offering a smoother transition through the process for consumers, advisers and creditors.

Helping people with money and debt across Northern Ireland

'I live in Belfast and am responsible for working with key stakeholders across all sectors including Government, debt advice services, voluntary and community sector and financial services to ensure that the work of MAS meets the needs of people in Northern Ireland. I directly manage our commissioned debt services with the Northern Ireland Citizens Advice Bureaux and the Northern Ireland Association for the Care and Resettlement of Offenders. I also like to hear about other services and organisations activity on the ground in Northern Ireland, their challenges and successes – and bring this learning back into MAS. I feel that local knowledge and understanding of service delivery as well as bringing the learning from Great Britain delivery ultimately benefits the end user.



'I am a member of many stakeholder groups and represent MAS in Northern Ireland at these groups, such as Money Advice Liaison Group, Northern Ireland Discussion Forum, Government Information and Advice Group and Northern Ireland Government Affairs Group. I believe that by engaging with these groups and chairing the MAS Northern Ireland Forum we can ensure that MAS is fully integrated in financial capability and debt landscape in Northern Ireland, understanding the issues unique to Northern Ireland that are impacting on people and providers and ensuring this is shared across the business to maximise our collective impact.'

Janine Maher – Northern Ireland Manager

By the end of 2017/18 we expect our funding to have enabled our partners to deliver 468,000 free, high-quality debt advice sessions across the UK.

We also expect to have in place a new sector-wide strategy; and to have taken significant steps towards improving the skills base among practicing debt advisers.

Chapter 3: more people budgeting and saving



The strategic aim

AIM

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

There is a chronic problem with low levels of savings in the UK leaving millions of people vulnerable to financial shocks and over-indebtedness. We are tackling this problem by:

- building and sharing evidence about consumer behaviour, which can be used to create better interventions;
- deepening our understanding of the trade-offs consumers make between different financial priorities, including saving for the longer term in pensions;
- testing and learning about What Works at relevant moments for different segments – to provide effective interventions and actionable guidance, through our own channels and via others;
- working with expert organisations that can reach consumers when they are balancing important decisions about spending, saving and using credit at different points in their working lives.

A commissioning plan for budgeting and savings support

Our insight and analysis show that there are significant gaps in support for millions of people in the 'struggling' and 'squeezed' segments to help them manage their money better (including managing credit well) and develop savings habits for the short and long-term.

We expect that this concern will be central to the new single guidance body as it supports people both to manage money in working life and prepare for retirement.

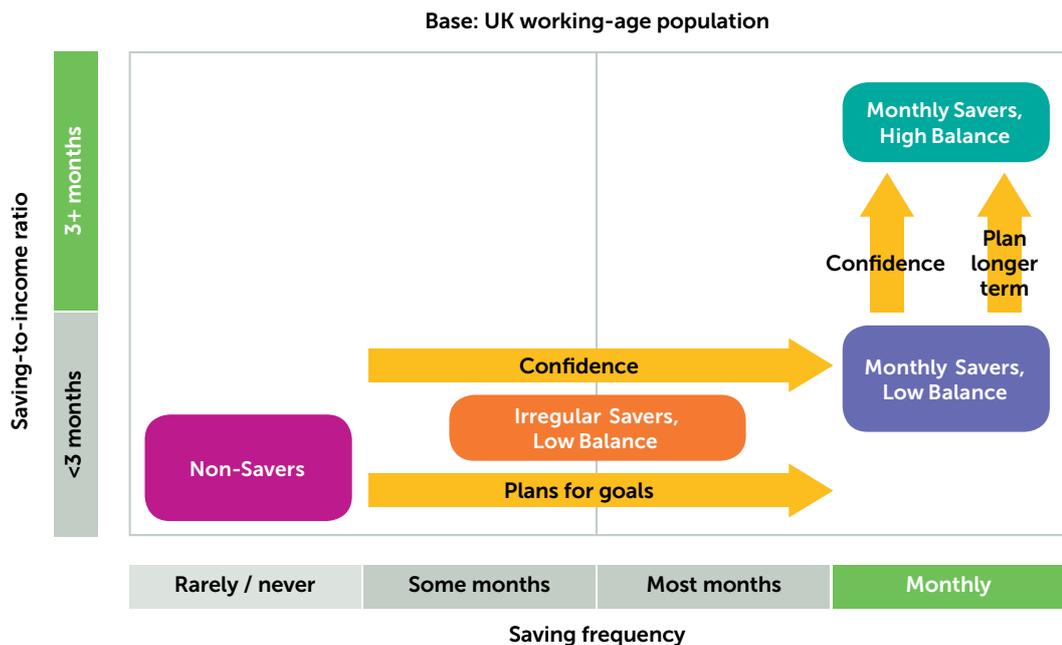
By autumn 2018, we intend to set out a comprehensive commissioning plan that sets out how we believe the available funding, including levy funding, can best support people in these two segments. We believe this should be done in such a way that it complements the efforts of existing partners, boosting their capacity and reach wherever we can. (This may involve funding organisations to deliver; or it may involve providing them with insight, evidence and tools that improve delivery funded by other sources.) We also expect there to be a role for the direct channels we run to complement partners' efforts; and for our debt advice partners, who already support hundreds of thousands of people with these issues.

The plan will rest on the evidence of consumer need, and the results of the What Works pilots and experiments that will be largely completed by the end of 2017/18. In 2017/18, therefore, we will be taking a set of essential steps towards that ambitious plan.

Delivering new insights into money management

Every year, nearly three-quarters of households receive an unexpected bill – but a quarter of working-age adults have no savings to fall back on. Our research published in September 2016 attracted widespread media attention with its finding that 17 million people have less than £100 in savings.

Figure 6 – The savings research we published in September 2016 was covered by many major media organisations in a consumer-friendly manner – including BBC News. This graphic shows our ‘map’ of some of the levers and enablers that we think could be effective in helping working-age people to save:



Income, age, and use of credit are all significant drivers of savings behaviour. In particular our research into the ‘squeezed’ segment has shown how people in this segment struggle to put money aside simply because such a large proportion of their household income has to be used to service debt. Our research has also highlighted the important role played by three main behavioural barriers to saving:

- a belief that it is not important to save for a ‘rainy day’;
- a focus on living for today and prioritising immediate short-term needs; and
- an acceptance of borrowing, viewing credit use as unavoidable.

The ‘building blocks’ work we completed in 2016 suggested a further underlying attitude – confidence – as a significant factor in whether people budget or save. In 2017/18 we will be looking more carefully at this finding and ways of improving financial confidence. We will use the findings of this research in our own work and share them widely so that they can inform what others do to help people keep track of their money.

What Works Fund projects for budgeting and savings support

We are developing for grant funding 21 pilots and projects that can measure What Works in improving financial capability across four key areas of working-age life:

- ▶ budgeting and saving in the workplace;
- ▶ community-based interventions;
- ▶ focus on people in the 'struggling' segment; and
- ▶ selecting and using appropriate credit options.

Taken together, the shortlisted pilots and projects provide a strong geographic coverage across England, Scotland, Wales and Northern Ireland, and include a mix of nationwide approaches and projects that will focus on local communities or groups with particular needs.

The projects also use a range of different methodologies to engage their target audience. This will enable them to generate strong evidence of where using (for example) face-to-face support, workshops, peer support, or mobile apps can best engage working-age people and make an impact on their budgeting and saving.

What Works Fund: Financial capability support for tenants

During 2017/18, we will be supporting the National Learning and Work Institute, in partnership with the Amicus Horizon, a housing association, to look at how financial capability support can be made most effective for tenants – predominantly in the 'struggling' and 'squeezed' segments – who have a recent history of rent arrears. The project will evaluate the impact of financial capability support given to housing association tenants. This will also be compared to the impact when the financial capability support is combined with a supported rent flexibility arrangement.

The project will also analyse the cost of delivering the interventions compared to the savings realised for the landlord.

500 tenants will be recruited for the project (250 in the treatment group and 250 in the control group), with the aim of having at least 150 tenants in each group remaining engaged in the project throughout.

The basis for the project was a literature and practice review, involving interviews with more than 20 financial capability projects, which identified that engagement with low income households is more likely to be effective if there is a concrete offer of practical support to meet the problems that tenants are facing.

The learnings from this project are likely to be of interest to a large number of stakeholders that receive regular payments from low income households. The introduction of the Universal Credit welfare payment reforms has increased the importance of developing approaches to help low income people budget more effectively.

Effective support to engage people in budgeting and saving

More and more people turn to us every year for guidance on budgeting and saving.

In 2017/18 we will use the insights we have generated into the barriers and enablers to saving to deploy a number of tests on our web and phone services to understand how best to provide effective guidance that has a measurable effect on savings habits.

Working with the financial technology ('fintech') industry, we will also experiment with apps and services already available that help people with these challenges.

We also want to work with others so that support across the money guidance landscape is designed and targeted to help people – in the 'struggling' and 'squeezed' segments especially – to keep better track of their money.

Our analysis and insight will be further informed by a number of major projects we are delivering, through our own service and in partnership with others.

Supporting Universal Credit claimants

One of our major projects is helping benefit claimants with moderate budgeting needs, and who may fall between our 'struggling' and 'squeezed' segments, to understand the potential impact of the introduction and extension of Universal Credit (UC).

To this end, we have worked with the Department for Work and Pensions (DWP) to develop and implement a tool to help such people moving onto UC.

UC brings significant changes to how claimants need to approach budgeting. For some, it will mean managing transactions through a bank account for the first time; for many, it will mean meeting housing costs from their payments rather than these being paid directly to landlords; and for most, it will mean the need to adapt to monthly (rather than weekly) budgeting.

As UC is rolled out to more claimants, with more complex circumstances and needs, we will continue to refine and improve our support in the light of experience.

A particular challenge will be to establish how we can best meet the guidance needs of claimants who are not referred to us as part of the package of support they receive from DWP. While many claimants have a 'work coach' who can point them to our service, people who work variable hours or who move in and out of employment frequently may not be made aware of the help we or others can offer. People in this position may also have more complex budgeting needs, as the income they get from work and benefits will fluctuate, and they may have multiple employers.

We will evaluate the effectiveness of this support in reaching and helping claimants – in line with the IMPACT principles outlined on page 23 above.

Understanding consumer choices and pressures at different life stages

We will research how different cohorts of consumers choose between saving, spending and paying down debt at different points in their lives.

How consumers manage financial priorities and trade-offs between different goals is a critical foundation for credible, holistic guidance. It will enable a more sophisticated and consistent approach to guidance messages from ourselves and others about short-term and long-term saving.

This work will encompass mapping consumer needs over different life stages, analysing existing research sources and commissioning additional research to fill in any gaps in the evidence base.

We will work with partner organisations to understand the trade-offs consumers make between short-term savings and pensions. Through this, we will build a clearer picture of what consumers in different segments need from a savings buffer, which will inform both our own guidance service and the design of others' interventions to promote savings.

Rules of thumb for saving, budgeting and navigating life events

Rules of thumb are simple, memorable guidelines for how to manage money that aim to be broadly applicable rather than tailored to individual circumstances. There is evidence to suggest that rules of thumb can be an effective way of cutting through some of the complexities of financial decisions. As part of the implementation of the Financial Advice Market Review, a Financial Conduct Authority sub-group has been developing an approach to personal finance rules of thumb and will report in March 2017.

In 2017/18 we will continue this work by testing the impact of these messages on consumer behaviour through our own guidance channels.

Working with government

With the arrival of the Lifetime ISA in 2017, and 'Help to Save' – a matched-savings initiative aimed at people on low incomes – coming to market for April 2018, there is a significant opportunity to work with partners across government and help people at risk of income shocks to save and increase their resilience. We will share insights and learning to feed into effective guidance on the Lifetime ISA and the design and delivery and communications on the Help to Save product.

Helping people with savings, money and debt across Scotland

'I'm the Money Advice Service's lead for strategies and relationships in Scotland, and I'm based here full time. I make sure that what the Money Advice Service delivers fits the needs of people in Scotland taking into account devolved policy. I work with a wide range of stakeholders including central and local government, third sector organisations, voluntary sector and financial services to ensure that learning from Scotland informs what we do.'



'I help to oversee our joint programme of debt advice funding with the Scottish Government, administered by the Scottish Legal Aid Board, and I manage our joint project with the Improvement Service to support a programme of 'Improving Outcomes in Money Advice' across Scotland. I am also a member of the Scottish Financial Education Forum, which promotes the importance of financial education in schools and across the curriculum.'

'I co-chair a Scotland Forum on MAS's behalf to ensure that the vision captured in the Financial Capability Strategy for Scotland enjoys widespread support and action in the work of many different organisations, so that we can all help people in Scotland to improve their money management skills. I am also involved in the Scottish Government's review of the advice landscape to support a more cohesive approach to funding guidance and advice services.'

Allison Barnes – Scotland Manager

By the end of 2017/18:

- ▶ We will embed our learning on savings into our own channels and, where we can, in services led by others. The What Works Fund projects we are supporting for working-age adults will explore how different interventions can be tailored to help more people improve their financial resilience by taking control of their money and starting to save.
- ▶ We will deliver new learning on budgeting behaviours and effective approaches to money management, and share these findings widely.
- ▶ We will develop our approach to supporting different claimant groups moving onto Universal Credit, in addition to integrating an online budgeting support tool for UC claimants with moderate budgeting needs into our website.
- ▶ We will develop partnerships with organisations in the public and voluntary sectors to improve the solutions on offer to help consumers engage with budgeting and saving, and to consider their capacity and role in the comprehensive commissioning plan.

Chapter 4: improving access to guidance and advice



The strategic 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.

Our goal is to make it easier for people to get the high-quality money guidance and advice they need. This means looking at the customer needs, understanding where there is good provision across the guidance landscape, and making sure our direct channels are filling strategically important gaps.

In previous years, our focus has been on improving the quality and impact of our own direct service to consumers. We will continue to make these services more targeted and cost-effective; at the same time we will follow our wider, more strategic approach to connect more people to a wide range of sources of guidance that can best meet their needs.

Working with others across the guidance landscape

Our **research into the building blocks of financial capability** has given us new information about the key drivers of financial wellbeing – in particular, confidence emerges as an important factor, alongside the ability to manage use of credit.

Our analysis indicates that because people in the ‘squeezed’ and ‘struggling’ segments focus more on day-to-day money problems, they could benefit from accessing high-quality guidance. This guidance needs to build financial resilience so that they are more confident in dealing with income shocks or unexpected expenses and can make sound long-term financial decisions.

Our research also suggests, however, that people in these segments are less likely to seek information and guidance. A key task in 2017/18 is to build evidence of how best to engage people in these segments with their finances; make more of them aware of the range of support and guidance available to them; and help them to be confident that they can use it.

One of our key performance indicators for 2016/17 has been to research the list of topics where people in different segments feel unable to access free or affordable guidance. Having completed this work, we will go on in 2017/18 to examine provision in these topic areas – to check whether people’s perceptions about ease of access and quality match what’s actually available.

We will also work with the regulated advice sector so that where people need a personal recommendation – and the valuable consumer protections that come with regulated advice – they have a clear route in.

Boosting third-sector reach

Charities and voluntary groups have extensive contact with people in the 'struggling' segment, who can often be difficult to reach by other means. We want to work with these organisations to extend the reach of money guidance to the people they work with. A focus we plan for 2017/18 is to work with a number of third-sector organisations to help them develop the reach of their money guidance, in particular through strengthening their online capability. We also can learn about their ways of engaging people and apply those lessons to our own direct channels.

What Works Fund: combining digital support and mentoring

A2 Dominion Housing Group is a residential property group and registered charity offering homes for sale and shared ownership. It also provides affordable, private and social rented homes, student, key worker and temporary accommodation, as well as supported and sheltered housing.

During 2017/18, we will be supporting A2 Dominion and their partners to test the cost-effectiveness of combining digital guidance with individual mentoring to improve the financial capability of their tenants. The project will involve up to 980 young and working-age adults in the 'struggling' and 'squeezed' segments.

A new financial capability application, designed by Deloitte Digital Innovation Lab together with project participants, will be used to enhance digital support.

Our direct services to consumers

Anyone can use our service and we provide guidance across a wide range of money matters, including a number of useful **tools and calculators** to help people manage their money. Our focus is on supporting people who can benefit the most from our help or who are going through significant life events – such as saving for a home, dealing with the breakdown of a long-term relationship, or starting a family.

Printed guides

Our **printed guides** – covering a variety of important money matters and distributed through a range of partners – are particularly valued by people who do not use the internet regularly, or who live in places with limited access. We will continue to produce printed guides where there is demand for these, and where they are required by regulation. We will take a fresh look in 2017/18 at how we better understand demand and need for the guides, and how best we can make them available, including distribution through other providers.



Our Welsh Language Scheme

Ein Cynllun Iaith Gymraeg

Our 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. As part of this commitment, key services we provide in Welsh are:

- ▶ our **website**, 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;
- ▶ our **telephone**-based money guidance, available in Welsh; and
- ▶ face-to-face **debt advice services**, provided by the lead organisations we fund, deliver sessions in Welsh.

The Money Advice Service Welsh Language Scheme was approved by the Welsh Language Board on 26 March 2012, and we continue to take into account new legislative developments regarding use of the Welsh language. Our **full Welsh Language Scheme is available on our website**.

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

We submit an **annual monitoring report to the Welsh Language Commissioner**.

The final version of this Business Plan will be translated into Welsh.

An enhanced contact centre

In August 2016, we opened a new contact centre to enhance the service available to customers. Customers can reach us six days a week by phone on **0800 138 777** (calls are free) or webchat via the website. The enhanced service offers customers the option to have more in-depth conversations about their finances, enabling us to provide them with more rounded guidance and to direct them to other sources where this will best meet their individual needs. It also hands off pensions queries directly to The Pensions Advisory Service when this is right for the caller.

We already offer a webchat service as part of our contact centre; in 2017/18 we will assess whether the webchat could serve more people more effectively by being enhanced by automated adviser support (sometimes referred to as 'robo-advice').

Our website

Large numbers of consumers continue to make use of the Money Advice Service's own guidance channels. In the first six months of 2016/17 we received 13 million customer visits to moneyadvice.service.org.uk – in spite of ending marketing and keyword purchase in response to the Government's review of the Service. The cost per visit in 2016/17 will therefore be around 13 pence. We anticipate a similar volume and cost effectiveness in 2017/18 and will continue to refine and update our content so that it remains accurate and with a focus on attracting and serving the 'struggling' and 'squeezed' segments in particular.

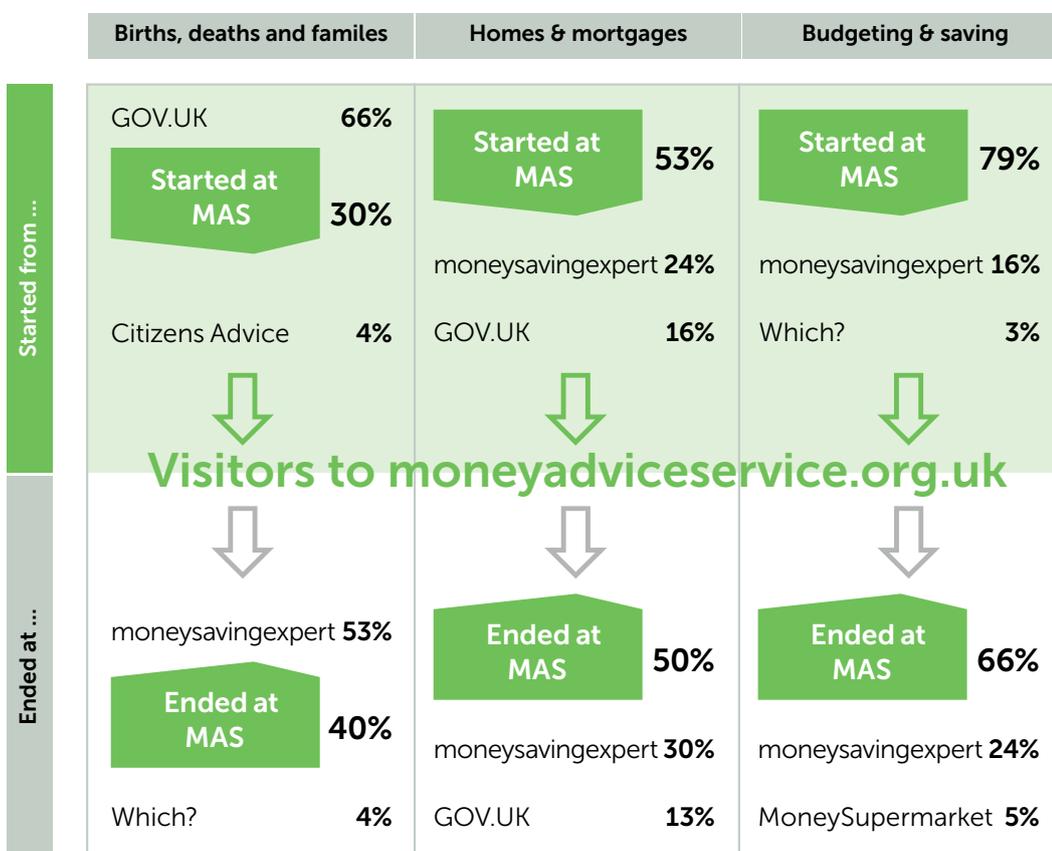
Our research with customers indicates that satisfaction remains high, with 92% saying they would use our service again or recommend it to others, in line with previous years' performance. We aim to maintain this record in 2017/18.

During 2017/18, following consultation about the scope for a payment accounts comparison website, we will make further progress towards meeting our obligation to provide it under the 2015 Payment Account Regulations.

Improved customer journeys

A priority for 2017/18 will be to improve customer journeys so that people using our service find their way to the content they need and are able to use it effectively. This will be informed by an awareness that people use our service as part of a wider search for guidance and support, which usually takes in a range of sources. We need to establish the best ways of ensuring that people coming to our service with a particular question or decision to make get the immediate help they want, and are also guided effectively towards other sources of information and support that address their longer-term needs.

Figure 7 – Tracking of an online panel of consumers (known to have visited our website and with knowledge of where else they went before and after) has shown us topics that are more often a way point on our customers’ journeys, and others more often an end point – above all budgeting and saving



Evaluating our impact

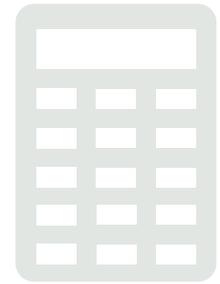
In 2017/18, in line with the IMPACT Principles set out on page 23, and consistent with the approach we are requiring from those we fund through the What Works Fund, we will evaluate the effectiveness of some key digital journeys in delivering budgeting and savings outcomes for consumers – and publish the results on our Evidence Hub. This will rest on a theory of change about where we can meet existing needs that draw people to the website, but also positively engage them in considering their longer-term needs and goals.

By the end of 2017/18 we will build a strong evidence base to demonstrate how our money guidance can help improve people's financial capability over the longer term, as well as giving them the immediate help they need with important financial decisions. We will serve 8.2 million people with money guidance, of which 3.7 million will be from the 'struggling' and 'squeezed' segments.

Through our ongoing analysis of the guidance landscape, we will establish where there is a lack of high-quality guidance available to meet people's needs.

We will also take important steps towards helping build the ability of other providers to fill those gaps, and to inform future commissioning.

Chapter 5: widening and improving financial education



The strategic aim

AIM

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

What people see, learn and experience during childhood and adolescence has a profound effect on how they manage their money as adults. There is a growing appreciation of the importance of financial education – and that it needs to start early.

Financial education is now on the curriculum for secondary schools across England, and in primary and secondary schools in the devolved nations. But there remains limited understanding of how best to improve young people's ability to manage their money, and how what children learn in school interacts with what happens at home and in their social lives.

Last year, we embarked on a three-year journey to change the way financial education is delivered so that future generations can face their financial future with confidence. Our priorities are to build a substantial body of evidence about What Works, to improve the co-ordination of the financial education sector, and to share with a wide audience the evidence and insights we gather. This will help drive better-informed commissioning decisions in the years to come.

It is important to note that responsibility for policy relating to children and young people is devolved. While some of the projects referred to in this chapter may be focused on particular parts of the UK, we are confident that the learnings from these programmes will be useful across the UK.

A commissioning plan for children and young people

Our insight and analysis show that there are significant gaps in support for children and young people – whether they are at home or in schools. We expect that the new single guidance body will provide a life-long view of support, with an emphasis on improving money skills as early as possible in people's working lives, and indeed well before they enter the workplace.

By autumn 2018, we intend to set out a comprehensive commissioning plan that sets out how we believe the available funding, including levy funding, can best support financial education on a much greater scale. We believe this should be done in such a way that it complements the efforts of existing partners, boosting their capacity and reach wherever we can. (This might involve funding organisations to deliver; in many cases it is more likely to involve providing them with insight, evidence and tools that enhance delivery funded by other sources.) Given the immense scale of the challenge in delivering financial education in schools, we fully expect that our role will be about making an ever-stronger business case for how it fits with broader educational goals, and explaining to leaders in the educational system how best to act upon that case.

The plan will rest on the evidence of what children and young people need, our provision mapping, and the results of the What Works pilots and experiments that will be largely completed by the end of 2017/18. In 2017/18, therefore, we will be taking a set of essential steps towards that ambitious plan.

Conducting a comprehensive gap analysis

In 2017/18 to complete the main elements of our work in understanding of children and young people's financial capability needs, including how this varies for different vulnerable groups. Alongside this, we want to build up a clear picture of what financial education is being delivered, where, when and to whom; and to collect robust evidence to establish what approaches are most effective.

The individual projects outlined below will add up to a comprehensive gap analysis, which in subsequent years can help us develop commissioning plans for children and young people.

In-depth research

Last year we commissioned a ground-breaking survey – the first of its kind in the UK – of the financial capability of children and young people from age 4 right up to 17, and also of their parents and carers.

In 2017/18 we will build on this work by conducting a number of 'deep dives' that will enhance our understanding of the impact of parental behaviour on children's financial capability, and also the impact of factors associated with different types of vulnerability. We will also use the findings to conduct further analysis of our adult segmentation model (as described in the Corporate Strategy section above) and identify the types of families that need the most support to take control of their finances.

We will also aim to complete a survey measuring teacher confidence and capability in England, and if feasible across each of the devolved nations. This will afford much-needed insight into the key barriers facing the delivery of high-quality financial education outside the home.

Longitudinal data analysis

In 2016/17 we have conducted extensive analysis of data from the *1970 British Cohort Study* (BCS1970) – a data set for more than 17,000 people born in the first week of April 1970, who have been surveyed periodically, most recently at age 42. We have found surprising and useful correlations between skills and behaviours measured when children were young and what they went on to do as financially independent adults. The findings of this research will be published in early 2017.

On the basis of BCS1970 analysis to date we feel reasonably confident that we will be able to generate testable hypotheses about:

- 'tipping points': the ages and educational settings that would be most likely to have an impact if they are the focus of interventions;
- how the financial capability of adults will develop if they exhibit particular attitudes, skills and behaviours earlier in life (which would have equally useful implications for targeting).

In 2015 we also started, through our Children & Young People Survey, to track a cohort of 15- to 17-year-olds to give us insight into how financial capability at that age translated into financial behaviours as these young people became financially independent adults. The third wave of this research will be conducted in 2018, so that the data will be available for comprehensive analysis in 2019/20. The advantage of this compared to the existing cohort surveys is that we can precisely tune the questions to the key components of financial capability in our outcomes frameworks.

Provision mapping

We have begun work on a comprehensive exercise to map the provision of financial education across each nation in the UK. Early in 2017/18 we will finalise this work and share the findings publicly. We will build on this by identifying the funding and commissioning networks where we believe financial education has a role to play and ensure our work to better co-ordinate the sector makes the best possible use of these.

Maths in Context

2017/18 will see the start of delivery in England of Young Enterprise's 'Maths in Context' programme in partnership with the Education Endowment Foundation. This project aims to explore whether teaching teenagers 'real-world' maths – such as estimating the cost of a gas bill or calculating the interest on a savings account – can help improve not just their financial capability but also their Maths GCSE attainment.

We are exploring the feasibility of extending this to 16- to 18- year olds in schools and colleges who have been required to resit their Maths GCSE.

What Works Fund projects for children and young people

Through the What Works Fund (see page 26) we will be funding at least 10 projects to evaluate their impact on different aspects of children and young people's financial capability.

There are a further 10 What Works projects targeting young adults aged 16 to 24 from a range of vulnerable, hard-to-reach and disadvantaged backgrounds.

We will harness the collective evidence base all these projects create.

In addition to providing funding, we will work with the organisations delivering these projects to ensure they use sound evaluation techniques and deliver the robust evidence we require. In the new What Works Fund round in 2017/18, where applicable we will support delivery of interventions working within the school year, rather than the financial year.

What Works Fund: harder-to-reach children and young people

During 2017/18, we will be supporting the Royal London Society for Blind People (RLSB) to deliver financial guidance and training to blind and partially-sighted children and young people aged 11–25 in London and south-east England.

It will seek to ensure blind and partially-sighted young people can access financial information and guidance, addressing particular issues of the difficulties they may encounter, and developing the most effective ways to develop their knowledge and skills in relation to managing their money.

The evidence from the project will be shared widely and will help inform how best to meet the financial capability needs of blind and partially-sighted young people and potentially also other harder-to-reach groups.

Supporting vulnerable children and young people

An important focus for our work is how best we can address the particular money needs of vulnerable children and young people. This needs to acknowledge that the concept of 'vulnerability' embraces a wide spectrum of different groups – and individuals within them – and that needs vary.

By the end of this financial year we will have laid the groundwork for this with a literature review of what existing research can tell us about who is most in need and what approaches had proved effective. We will develop this work in 2017/18 by testing the viability of a risk prioritisation tool, which will seek to help identify who needs most support and help inform better decisions about targeting and prioritising use of resources to deliver impact where it is most needed. We will also test new delivery models working with public sector commissioners to explore the feasibility of integrating financial capability into their wider provision for vulnerable children and young people.

Supporting families

Since September 2015 we have been working with Big Lottery Fund and the Welsh Government on a joint project, 'Talk, Learn, Do' to help parents develop their children's approaches to money management. The project is now running in all Welsh local authorities and has reached thousands of parents. Delivery will end in March 2017. In 2017/18 we will complete the impact evaluation fieldwork with findings due to be published on the Evidence Hub in 2018/19.

We will conduct analysis to understand the impact of growing up in an over-indebted family, and use these findings to support our debt advice work when lead organisations engage with over-indebted parents. Similarly, we will conduct analysis to understand the impact of children growing up in 'squeezed' and 'struggling' families – and support the work described in chapters 3 and 4 of this plan as we communicate with their parents.

Co-ordination of financial education

The Money Advice Service has an important role in leading the co-ordination of financial education, and this will continue in 2017/18. Our approach to this consists of helping the sector more widely build its effectiveness by developing tools and collaborative mechanisms that increase impact and avoid unnecessary duplication.

Financial Education Quality Mark

In October 2016, we launched the revised Financial Education Quality Mark in partnership with Young Enterprise (YE). For the first time, receiving the quality mark now depends on developing a 'theory of change' that sets out what the resource intends to achieve, and a clear evaluation plan with a commitment for adapting the resources dependent on the evaluation findings.

All new applicants must now sign up to the IMPACT principles (see page 23 for more details), demonstrating their commitment to high-quality evaluation. We believe this will improve the quality of the resources that teachers have access to, while also ensuring those resources remain fresh and relevant. We will continue to work with YE in 2017/18 to embed the process around the quality mark, evaluate educational resources and materials and improve awareness of quality assurance.

Supporting effective evaluation

As outlined in Chapter 1 above, we support organisations in applying good practice around evaluation. We have developed a comprehensive Evaluation Toolkit to assist with this, including a range of Outcomes Frameworks.

In 2017/18 we will develop further guidance on how to use the toolkit and revise the frameworks for projects working with children and young people, parents, and teachers. We will also pilot a new Youth Practice Outcomes Framework. We will explore the feasibility of developing a comparison group tool using the findings from the Children and Young People Survey to help organisations understand how their participants compare to the national average before and after their intervention.

Measurement of the financial education sector

We are seeking massive change: for all children and young people to receive high-quality financial education by 2025. This calls for more investment in evaluation; a higher proportion of large-scale interventions being evaluated robustly; increased investment targeted at identified need; and reduced duplication.

Currently we only have the means to measure outputs. In 2017/18 we will put in place the systems and indicators so that we are able to measure outcomes and the direction of travel towards our goal. This will help the sector as a whole to understand how they are performing, where we need to concentrate our efforts and whether the projects the sector have developed to meet that goal are collectively helping us get there.

Raising awareness and influencing decision-makers

The evidence we gather is not just for our own use – we are committed to sharing evidence as widely as possible to inform the work of a wide range of organisations involved in funding, designing and delivering financial education in schools and communities right across the UK.

Our research can also play an important part in influencing the decisions of policymakers. We will continue to feed our insight into public policy debates such as in England the development of Opportunity Areas, the new Youth Strategy, the evolution of Troubled Families, and the wider families, parenting and ‘just about managing’ agenda. In Wales we will support the findings of Estyn’s thematic review into financial education in schools. Across the UK we will continue to demonstrate the relevance of financial education in debates on social and emotional learning, careers and enterprise education, and wider outcomes-based commissioning and evidence-based policy.

Research roadshows

In 2017/18 we are planning a series of ‘research roadshows’ to showcase the findings of our research and analysis and take them to where they are needed. We intend to conduct an event in each of the constituent nations of the UK, in partnership with the devolved governments to share findings relevant to each country from our Children & Young People and Parents Survey and other research.

Helping children and adults with money across Wales

'Based in Cardiff I cover all of Wales, and I'm responsible for making sure that the work of the Money Advice Service fits the needs of people in Wales – and for making sure that learning from Wales informs what we do. I am closely involved in supporting the Parenting Pilot, a key part of our work for children and young people, which is taking place in every Welsh local authority area.

'I am a member of the Welsh Government's National Advice Network and the Financial Inclusion Strategy Steering Group. This helps me to make sure our insights and plans on debt and financial capability are incorporated into Welsh-specific plans. I am also able to take views and knowledge as a member of the Independent Advice Providers Forum in Wales and the three Financial Capability Forums that cover Wales, to feed them into the work of the Money Advice Service.

'I run a Wales Steering Group on MAS's behalf to ensure that the vision captured in the **Financial Capability Strategy for Wales** enjoys widespread support and action in the work of many different organisations, so that we can all help people in Wales to improve their money management skills. I also keep a watching eye on the Money Advice Service's Welsh Language Scheme to ensure we live up to our commitments to make key services accessible in Welsh.'

Lee Phillips – Wales Manager



By the end of 2017/18 we will have taken many of the essential steps needed to build up a comprehensive understanding of financial education needs right across the UK, and identify the best ways to meet the needs of different groups.

It will give us a clear picture of existing financial education, how effective it is and the barriers to making it more so.

And we will be further forward in building the networks of different people, groups and organisations that we need to bring together to make our vision, of a high-quality financial education for all, a reality.

Chapter 6: measuring our impact

Our ultimate goal is to impact the financial capability of many millions of people across the UK population. Our new strategy builds from evidence about What Works, to propagating techniques through partners who touch consumers' everyday lives. We have therefore divided our KPIs for year 2 of 3 of our Corporate Strategy 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; and ongoing proxy measures for **quality or influence (Q)**.

Aim	No.	Type	KPI	Comments
Aim 1: delivering through others	1.1	S	<p>Early in 2017/18 we will publish all the action plans agreed by Financial Capability Strategy steering groups, and:</p> <ul style="list-style-type: none"> - deliver actions agreed for completion by the Money Advice Service in 2017/18 - lead others to deliver actions agreed for completion in 2017/18 - publish an assessment of progress for each action plan by 30 April 2018. 	In 2016/17, we set as a KPI the development of these plans with clear accountabilities. In 2017/18, we will follow through by driving delivery of the plans, and then publish an assessment of progress against them. We will work with many organisations across the financial capability sector to achieve these plans.
	1.2	S	We will fund the delivery and evaluation of 50+ projects that will transform our collective understanding of what is effective in improving financial capability.	At the time of publishing this consultation plan, we have a pipeline of up to 90 projects that are being developed for grant funding. We expect to publish the precise number of funded projects when we publish the final version of our plan in March 2017.
	1.3	S	We will identify which are the most promising What Works Fund projects to be tested at a wider scale and/or a longer timeframe in 2018/19.	Many of the What Works Fund projects are smaller pilots. Where we find evidence of What Works, we will consider how the projects might be tested at a wider scale. In some cases we may fund further follow-ups to check longer-term improvements in financial capability.
	1.4	S	At least 50 pieces of evidence will be added to the Evidence Hub by IMPACT signatories.	In 2016/17, MAS has taken the primary responsibility for adding evidence to the Hub; in 2017/18, we want to see a shift from MAS to the wider sector.

Aim	No.	Type	KPI	Comments
Aim 2: earlier and wider access to debt advice	2.1	I	We will commission debt advice for 468,000 people.	This represents a 10% increase on 2016/17 sessions.
	2.2	S	We will develop and agree a new Debt Advice Strategy, and by the end of the year will ensure that at least three priority programmes of work it proposes are agreed, planned, resourced and started.	The Debt Advice Strategy will consider funding, customer journeys and the range of solutions and propose agreed ways for the sector to change what is done.
	2.3	Q	We will ensure that across the whole debt advice sector, 75% of clients receiving debt advice will access it through organisations that use the new Standard Financial Statement.	This will ensure that consistency and quality improvements go much further than the debt advice directly funded by MAS.
	2.4	Q	We will ensure that across the whole debt advice sector, 75% of clients receiving debt advice will access it through organisations that hold a MAS-accredited quality standard.	This will further ensure that consistency and quality improvements go much further than the debt advice directly funded by MAS.
	2.5	Q	We will ensure that 90% of clients receiving debt advice through MAS-funded services take action.	This is the essential quality measure for our funded debt advice – checking whether people act on the advice they have received.

Aim	No.	Type	KPI	Comments
Aim 3: more people budgeting and saving	3.1	S	We will take the essential steps required in 2017/18 to complete a comprehensive commissioning plan for the savings and budgeting needs of people in the 'struggling' and 'squeezed' segments by autumn 2018.	A commissioning plan will include recommendations for where MAS funding can make the most difference by funding other organisations, to complement existing activities and MAS direct channels.
	3.2	S	We will ensure the delivery of, analyse and share the results of 10+ projects completed via the What Works Fund to support working-age people to budget and save.	These projects cover a range of circumstances and settings and represent a core element of our strategy to develop evidence-based solutions. At the time of publishing this consultation plan, we have a pipeline of up to 90 projects that are being developed for grant funding (across all life stages and segments). We expect to publish the precise number of funded projects for the 'squeezed' and 'struggling' segments when we publish the final version of our plan in March 2017.
	3.3	I	We will serve 3.8m visits, calls and webchats helping people with the topics of budgeting and saving.	This counts the number of people accessing budgeting and saving topics on our website, or discussing that topic with an adviser in our contact centre.
Aim 4: Improving access to guidance and advice	4.1	I	We will directly provide money guidance to 8.2m people, of which 3.7m will be from the 'struggling' and 'squeezed' segments.	We want our telephone and website service to be most attractive and suitable for the 'struggling' and 'squeezed' segments. We currently provide money guidance to 3m people per year in these segments and intend, without marketing spend, to raise this by 0.7m people.
	4.2	I	We will support at least 5 third-sector organisations to improve the reach and effectiveness of the digital money guidance they offer that is relevant to the 'struggling' segment.	Part of the help we provide will be linking through to these services, and part of it will be helping organisations to grow their own digital footprints.
	4.3	Q	We will increase the percentage of customers who say they received the information they required when they used our telephone and digital services to 85%.	This is a weighted average taking into account the percentage of users of each channel who would agree with the statement that they received the information they require. The current weighted average is 72%. (Given the nature of the digital services and search engines, we expect there will always be some visitors who visit our digital service expecting information that it is outside our legal remit to provide.)

Aim	No.	Type	KPI	Comments
Aim 5: widening and improving financial education	5.1	S	We will take the essential steps required in 2017/18 to complete a comprehensive commissioning plan for children and young people's financial capability by autumn 2018.	A commissioning plan will include recommendations for where MAS funding can make the most difference by funding other organisations, to complement existing activities.
	5.2	S	We will determine the objective indicators that will measure positive change in the financial education sector.	These will link to our theory of change and rest on objective indicators measuring investment in evaluation, funding directed towards evidence informed provision, and practitioner capability.
	5.3	S	We will ensure the delivery of, analyse and share the results of the 10+ projects completed via the What Works Fund to support children and young people.	These projects cover a range of circumstances and settings and represent a core element of our strategy to develop evidence-based solutions. At the time of publishing this consultation plan, we have a pipeline of up to 90 projects that are being developed for grant funding (across all life-stages and segments). We expect to publish the precise number of funded projects for children and young people when we publish the final version of our plan in March 2017.

Chapter 7: resource summary 2017/18

This chapter provides a breakdown of the total Money Advice Service budget for 2017/18, and a comparison against the 2016/17 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.

In the light of the Government's consultation document published on 19 December 2016 we recognise that there may be some transitional activities, and therefore costs, required during the financial year 2017/18 in preparation for the proposed Single Financial Guidance Body. When the transition timetable and process are set out in more detail we will be able to quantify these impacts in 2017/18. Our current assumption is that we will be able to meet any such 2017/18 costs from reserves.

In addition to the debt advice budget of £48 million, funding to support clients impacted by changes in the regulation of debt management firms will be made available, when needed, from our debt advice reserves.

	2016/17	2017/18	Movement
Total Money Advice Service budget	£75m	£75m	-
Money guidance budget	£30m	£27m	(£3m)
Debt advice budget	£45m	£48m	£3m

Money guidance budget	2016/17 Business Plan (£000)	Variance (£000)	2017/18 Business Plan (£000)	Costs (£000)				
				For Aim 2, see the debt advice budget overleaf				
				Central costs and overheads	Aim 1	Aim 3	Aim 4	Aim 5
Strategy								
Total: strategy	1,725	151	1,876	350	735	241	260	290
What Works								
Piloting interventions	7,112	280	7,392	–	4,827	465	600	1,500
Evidence & evaluation	2,918	(385)	2,533	50	955	440	291	797
➔ Total: What Works	10,030	(105)	9,925	50	5,782	905	891	2,297
Delivering through others								
Co-ordination	1,950	(1,205)	745	–	670	75	–	–
Commissioning	355	55	410	–	–	410	–	–
➔ Total: delivering through others	2,305	(1,150)	1,155	–	670	485	–	–
Customer engagement								
Offline services	5,280	(3,492)	1,788	–	–	–	1,788	–
Digital and website	3,202	753	3,955	–	70	552	3,328	5
Printed guides	400	100	500	–	–	–	500	–
➔ Total: customer engagement	8,882	(2,639)	6,243	–	70	552	5,616	5
Total: corporate communications	930	22	952	523	118	103	105	103
Total: support services	5,059	722	5,781	5,781	–	–	–	–
Total: board and executive leadership	1,069	(1)	1,068	1,068				
➔ OVERALL TOTAL	30,000	(3,000)	27,000	7,772	7,375	2,286	6,872	2,695

We have restated the 2016/17 Money Guidance budget figures (above) to reflect operational changes that have occurred since we published the Business Plan in May 2016. The budget total amount remains the same, the changes relate to movements between activities.

Aim 2: Debt advice budget	2016/17 Business Plan £000	2017/18 Business Plan £000	Variance £000
Frontline delivery			
England and Wales	35,301	35,535	234
Scotland ¹	2,756	2,615	(141)
Northern Ireland	1,013	1,014	1
Additional Capacity (UK)	0	3,036	3,036
Audit for funded projects	50	52	2
↪ Total: frontline delivery	39,120	42,252	3,132
Second-tier support			
Total: second-tier support	1,692	1,908	216
Policy and research			
Total: policy and research	1,245	881	(364)
Co-ordination of debt advice			
Total: co-ordination	1,943	1,959	16
Total: central costs & overheads	1,000	1,000	0
↪ OVERALL TOTAL	45,000	48,000	3,000

1. Expenditure of £144,000 that was recorded in 'Frontline Delivery' in 2016/2017 is now recorded as 'Second-tier Support' for 2017/2018. The total for Scotland in 2017/2018 is therefore £2,759,000.



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*Calls are free. To help us maintain and improve our service,
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