Consultation on the Money Advice Service's

2018/19 Business Plan

moneyadviceservice.org.uk

The Money Advice Service changes lives by helping people make the most of their money.

We use evidence to understand who, across the UK, most needs help. We find out what works. We use these insights to improve the ability of people to manage their money, either through partners, or directly.

People face hard choices with money throughout their lives – at moments of crisis such as a divorce, or when they choose products such as a pension or car finance. Confronted with these events, most of us could make smarter decisions, given the right support. Yet 24 million people in the UK do not feel in control of their finances, and more than 8 million are at risk of not being able to service their debts.

We do the things that, if we don't do them, nobody else will. Government has set the Money Advice Service up, and funded us with a levy on financial services, to offer unique and essential help with money – whether that's best delivered directly by us, or through others.

We are in a fortunate and unique position, because we never sell anything to anyone. So we offer a comprehensive website with fast, free, independent help on everything from pensions to buying a home. We offer a call centre with highly trained staff who can tell people where to get the right help at the right time on any financial topic.

We know we can't help everyone on our own. This is why we have established a 10-year plan to focus the activities of everyone working on the problem. We fund charities to offer half a million people access to expert debt advice. We also work with financial services, government, and other sectors, collaborating with about 200 partners, seeking and sponsoring innovative ways to help people to save more and plan better for their future. We carry out tests and trials so that we can build evidence of what works and share it with others. We aim to empower every organisation offering money support to be as effective as it can be. This includes organisations working to build the money skills children and young people need for a successful adult life.

In 2018/19 we will help nearly 11 million people with their money and debts, and we will work to energise hundreds of other organisations around our long-term vision of how everyone in the UK can better manage their money.

Because we believe that when you control your money rather than the other way round, life is easier,

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Chairman's foreword

I believe that 2018/19 will be the most successful year the Money Advice Service has ever had. And a marker of that success is the fact that it will almost certainly be the last year of the Money Advice Service's existence.

That may seem a paradoxical statement for a Chairman to make; but it's firmly in line with the philosophy I have promoted since I took on my role in 2013. I have always believed that people's money problems do not exist in neat silos. They are inter-linked throughout their lives, and across different aspects of their lives at any one time. I have also always believed that no single guidance organisation on its own can successfully address the scale of the money management challenges people face. At the Money Advice Service we believe success is achieved through a broad and deep coalition of interested organisations, aligning their activities with an anchor organisation that is able to provide funding, leadership and insight.

When the Government consulted on the financial guidance landscape in 2015, the Money Advice Service responded with our view that a single financial guidance body, which embraced pensions alongside all the other money challenges, would be best for the consumer and better value for levy-payers. So the passage through Parliament of the Financial Guidance and Claims Bill, which will set up the single financial guidance body (SFGB), is a great result for anyone who cares passionately about helping consumers manage their money better.

It will result in a strong and deep join between three of the key services that exist to support people as they manage money, debt and pensions. It places a body with depth and breadth at the heart of the national debate about financial capability. And through the provisions of the Bill, we anticipate that the responsibility to lead and coordinate a national financial capability strategy will be set into law, at the heart of the new organisation's mission.

The most significant change in the work of the Money Advice Service during my period as Chairman has been the formulation of a Financial Capability Strategy for the UK. This has led to the development of a diverse, committed and powerful coalition of organisations that address people's everyday needs for money, financial products, financial guidance and financial advice. In the process, the Money Advice Service has changed from an organisation with a very close focus on the delivery channels it used and the other delivery work it funded, to one that is just as interested in supporting effective, evidence-based delivery by literally hundreds of other organisations across the UK.

The leaders of the SFGB will of course make their own decisions about how to use and configure the work the Money Advice Service has done. Nothing we do in our last year of existence should be seen as binding the new body in any way. But I am confident that the strategies, partnerships and relationships that are thriving through our Financial Capability Strategy work will provide it with options and momentum if it chooses to take them up.

Meanwhile, as we head towards the foundation of that body in the last year of our existence, we have a vibrant programme of work to complete in fulfillment of the third and final year of our Corporate Strategy. We will provide valuable services to consumers whose need has never been greater, we will prime our partners for coordinated action, and we will set out important service delivery proposals, based on evidence, for the new body to consider.

And so building momentum is the theme of this plan that we set before you for consultation:

- Momentum in taking the evidence from our 63 What Works Funds projects and making sure the most impactful techniques are understood and used by financial capability practitioners everywhere in the UK.
- Momentum in taking forward the conclusions from our strategic review of debt advice, and Peter Wyman's Independent Review of Debt Advice Funding, to truly strengthen the work of debt advice delivery organisations as they focus on quality, customer journeys and outcomes.

- Momentum in taking our newly gained knowledge about areas where people feel they need guidance or advice and do not believe they can access it, and using that to focus our digital and telephone channels, and mobilise other guidance organisations to support consumers seeking help in these areas.
- Momentum in crystallising the reflective thinking, evidence gathering and goodwill of partner organisations in two important commissioning plans: one to address the money needs of working age people, and one to take a strategic approach to children and young people's financial capability at school and at home.

All our plans have been enhanced by evidence, insight and constructive challenge from stakeholders. So I would urge every reader of this draft plan to respond to our consultation questions on page 8 and to give us your thoughts by 5 February 2018.

Andy Briscoe
Chairman of the Money Advice Service

Chief Executive's introduction

When I joined the Money Advice Service just a few months ago I was immediately struck by the depth of knowledge and conviction I encountered in the staff I met.

I am continuously impressed by the range and quality of insight that informs everyday working at the Money Advice Service (MAS). As we have worked on this plan together I have seen this evidence woven in to projects and activities which have, as a result, become clear priorities for 2018/19.

I have also seen and experienced conviction. That can be a double-edged sword. It is not good to have great conviction if you are wrong. But in the case of the Money Advice Service, convictions about the best way to address the challenges of financial capability and problem debt have been and continue to be extensively tested. It is now in our DNA that we test and build an evidence base before we commission, and this business plan sets out how we intend to do that in our debt commissioning as well as our continued testing to establish what works in financial capability interventions.

In MAS we are excited about the prospect of the new single financial guidance body coming into existence. For us this underlines our convictions about a strategic approach to financial capability, evidence-based decision making, segmentation and prioritisation of our customer base – and partnership working.

These convictions are all of course key themes of this plan. As Andy says in his foreword, in 2018/19 it is crucial that MAS maintains its momentum. I believe that to do this we must recognise the importance of every single person who works for MAS and their role in successfully delivering this plan.

We anticipate that during the course of the year that this draft plan covers, MAS employees will find their current employer ceases to legally exist and that they will transfer into a new organisation. I do not underestimate the challenge we have set ourselves in delivering a full year's business plan against the backdrop of that simple fact, but that is what we intend to do.

It is important to state that despite the fact that MAS will cease to exist legally during the year, we have agreed with Government and the Financial Conduct Authority (FCA) that this plan should be a full-year plan.

This is the first time I have taken part in MAS's process of consultation on its business plan, so like our Chairman I would like to ask you to share with us your views and your evidence about what it is truly important that we carry forward in 2018/19 – so that we can maintain the momentum into the newly established single financial guidance body. We have set out our thoughts, and we welcome yours.

Charles Counsell OBE
Chief Executive, Money Advice Service

Executive summary

Start, stop, continue: strategic choices for the Money Advice Service in 2018/19

- During 2018/19, a single financial guidance body (SFGB) will come into existence. The functions and objectives of the new body have been proposed in a draft bill. These will be subject to change as Parliament debates them. Reviewing the drivers behind the third and final year of our Corporate Strategy, we believe that with some small exceptions continuing the delivery we already planned is likely to fit well with the anticipated statutory role of the SFGB.
- A further priority for 2018/19 is to work closely with the SFGB programme to enable the setup of the new body.

Chapter 1: delivering through others

- During 2018/19, we will aim to complete the mobilisation and capacity-building phase of our 'collective impact' approach to the Financial Capability Strategy for the UK (UK Strategy). This means finishing the 63 What Works Fund and related projects, and widely communicating the evidence they will create. It also means readying all our evidence tools for a wide range of partners to use. We will also work to support the consistent practice and professional standing of financial capability practitioners. Finally, we will refresh the UK Strategy during the course of the year to reflect the latest insight, evidence, and plans from partners.

Chapter 2: earlier and wider access to debt advice

- We will co-ordinate the debt advice sector by building on the Debt Sector Strategy; by carrying forward the conclusions of the Independent Review of Debt Advice Funding; improving creditor practices; and making debt solutions more relevant and easy to understand and access.
- In our continuing direct delivery we propose an £8m increase in funding that will help us both to improve quality, and commission sessions to help up to an additional 90,000 people access debt advice.
- In our strategic commissioning work, we will develop regional commissioning plans for London and the North-West, which will incorporate the six principles of our new Debt Commissioning Strategy.

Chapter 3: more people budgeting and saving

- We will build the evidence base through our What Works Fund; develop a commissioning plan focused on adults aged between 18 and 54; influence others to focus on the same groups and needs; and use our channels to encourage many of our 10.8m direct customers to budget and save.

Chapter 4: better access to guidance and advice

- We will improve access by developing our online tools, including applying the results of the evaluation of our budget planner. We will work with other providers to help them focus their services on the audiences and life events where our research shows about 2m people in the 'financially struggling' and 'financially squeezed' who know they need help, but don't access it.

Chapter 5: widening and improving financial education

- We will build the evidence base through our What Works Fund; develop a commissioning plan focused on the needs of children and young people at home, in schools and in the community; and influence funders, practitioners and local authorities.

Chapter 6: measuring our impact

- We are seeking your views on six long-term outcome measures and, for 2018/19, 17 commitments and measures of efficiency and effectiveness.

Chapter 7: budget and resources

- We are proposing a money guidance budget of £27.2m (including £0.2m for transition) and a debt advice budget of £56.3m (including £0.3m for transition to the SFGB).

Questions for consultation

This document sets out the Money Advice Service's draft 2018/19 business plan 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 ask you to use our numbering system so that we can collate and compare everyone's responses.

The consultation closes at midnight on 5 February 2018. Responses should be sent to:

businessplan@moneyadviceservice.org.uk

We will publish our final 2018/19 Business Plan in March 2018.

Start, stop, continue: strategic choices for the Money Advice Service in 2018/19 (pages 11–18)

1. Do you agree with our judgements about what may be valuable to continue or complete from our Corporate Strategy, as we move towards the single financial guidance body (given what was in the draft bill to establish it on 23 November 2017)?

Aims 1–5: our programme of work for 2018/19 (pages 19–42)

2. Given our Corporate Strategy, what are your comments on the activities and priorities for April 2018–March 2019 we have set out in the individual chapters covering each aim?

3. Do you have any evidence, research or insight that can help make our programmes of work more effective?

4. 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 43–45)

5. Do you think our proposed long-term impact indicators address the most important outcomes in money management? Do you see any of them leading to unintended consequences?

6. Do you agree that our 2018/19 commitments and measures of efficiency are robust and balanced? If not, we welcome alternative suggestions.

Questions about the plan overall

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

Co-funding

8. If you would be interested in discussing co-funding (see pages 27, 31 and 41), we also invite you to use this opportunity to make contact.

Half-year highlights from 2017/18

Delivering through others

- Stakeholder support for the Financial Capability Strategy for the UK has grown year on year, as shown by nearly 200 events that took place across the country in Financial Capability Week 2017, the 66 organisations that signed up to the IMPACT principles, and the 25 studies added to the Evidence Hub by IMPACT principle signatories.
- Our What Works Fund is funding 63 projects across the UK to build evidence about how to improve people's money management skills. Our grant management team and our evaluation support consortium have ensured each grant has a theory of change, an evaluation plan, an evaluator, and a learning and sharing plan. One project has already completed and a further 62 evidence reports are expected before the middle of 2018.
- Our Financial Capability Lab has tested 18 new ways of improving the saving and credit habits of the 'financially squeezed' segment and is assessing which half-dozen of these should go forward to the next stage of evidence gathering.
- We sponsored a fintech competition, with Tech City, to spotlight fintechs with a mission to help people who are financially excluded or have low financial capability. A remarkable 85 fintech businesses entered (Tech City expected about 30 to apply). We are helping the two winners to evaluate the impact of their cutting edge apps on people with low financial capability.
- Tools from our evaluation toolkit are being used by organisations as diverse as water utility companies, banks, fintechs and charities.

Earlier and wider access to debt advice

- We have delivered debt advice to 239,561 people during the 2017/18 year-to-date and are currently 5.1% above the year-to-date forecast.
- Our year-to-date channel performance shows 47% of clients who were served face-to-face, 41% by phone and 12% online. This is a shift of 6% from face-to-face to telephone and online services.
- Our peer review process has made us and our funding partners think carefully about the balance between the subjective views of clients about the quality of their debt advice experience, and how we should track more objective measures such as the technical quality of advice or record-keeping. This has led to a new focus on the objective quality of debt advice in this year's business plan.
- By developing, with creditors, a creditor good practice toolkit we have expanded advocacy for over-indebted people.
- More than 250 organisations have signed up to deliver debt advice using the consistent approach of the Standard Financial Statement at the heart of their clients' experiences.
- Peter Wyman CBE DL accepted our invitation to conduct an Independent Review of Debt Advice Funding and issued a call for evidence, which closed on 6 December 2017. We await his recommendations early in 2018.
- We developed a strategic approach to shape the way we commission debt advice in future. It set out six principles focused on targeting, financial resilience, tracking clients and outcomes, workforce development, holistic support services, and enabling technologies. We consulted on this and received positive support from the sector.
- We have developed with the Debt Advice Steering Group a simple overview of the six key issues and six long-term outcomes where the debt advice sector as a whole should drive change and improvement.

More people budgeting and saving

- Web visits, calls and webchats on the topics of budgeting and saving are on track to reach 3.8m by the end of the year.
- We are delivering the essential steps towards a commissioning plan. With our focus on the 'financially struggling' and 'financially squeezed', we have identified three age cohorts, and target groups within them, from MAS's segmentation of working-age adults (18–24-, 25–34- and 35–54-year-olds). For each, we have created an initial Theory of Change, including the financial capability outcomes we are seeking to achieve for them in the market.

Improving access to guidance and advice

- We have seen a 9% increase in customer contacts compared to the same point in 2016/17 – 16.7m against 15.3m last year. This is taking place in our third year of spending no money at all on marketing or search engine pay-per-click.
- We launched a landmark study (Right Place, Right Time) during Financial Capability Week 2017. It interrogates who doesn't access advice and guidance, under what circumstances, and why. It gives a roadmap for future action, by defining gaps to address either through MAS channels or with others.
- We have supported third-sector organisations with search engine optimisation to give them a better visibility online so that more people can access their guidance.

Widening and improving financial education

- In Northern Ireland, Scotland and Wales we published the results of our detailed surveys into the financial capability of children and young people in each nation, following the UK-wide survey last year. There was significant interest in each nation, and the Scottish Financial Education week enjoyed the support of a number of MSPs.
- Parents and parent educators in Wales have told us about the value they've gained from the money sessions of our 'Talk, Learn, Do' project and we continue to evaluate its short-term and long-term impacts.
- We have studied the financial education needs of vulnerable children and young people through a literature review and detailed discussions with three local authorities. From these we are developing a proposition to take to local authorities as part of our 2018/19 Business Plan.

This business plan for 2018/19 seeks to build on these and other successes, develop stronger and wider partnerships, and find new ways to turn the vision set out in the Financial Capability Strategy into reality.

Start, stop, continue: strategic choices for the Money Advice Service in 2018/19

In 2015 the Money Advice Service set out its view of the financial guidance landscape and the gaps it intended to fill over the course of a three-year Corporate Strategy, beginning in April 2016.

2018/19 is both the last year of that Corporate Strategy period and the last year of the Money Advice Service, which, subject to the will of Parliament, will be replaced by a single financial guidance body (SFGB) at some point during the course of the year.

This is therefore an opportune moment to consider what we should start, stop or continue from the MAS Corporate Strategy given what we know about the new body[1].

The focus of the single financial guidance body

The draft Bill as published on 23 November 2017 contains further details and provisions other than those summarised below.

All of the below is subject to parliamentary debate and may change.

SFGB – current draft of objectives:	SFGB – current draft of functions:
(a) to improve the ability of members of the public to make informed financial decisions;	(a) the pensions guidance function;
(b) to support the provision of information, guidance and advice in areas where it is lacking;	(b) the debt advice function;
(c) to secure that information, guidance and advice is provided to members of the public in the clearest and most cost-effective way (including having regard to information provided by other organisations);	(c) the money guidance function;
(d) to ensure that information, guidance and advice is available to those most in need of it (and to allocate its resources accordingly), bearing in mind in particular the needs of people in vulnerable circumstances; and	(d) the consumer protection function; and
(e) to work closely with the devolved authorities as regards the provision of information, guidance and advice to members of the public in Scotland, Wales and Northern Ireland.	(e) the strategic function.

If the provisions of the Bill become law, the SFGB will take forward much of the work of the three underlying organisations (MAS, The Pensions Advisory Service, Pensions Wise) but will also have some additional areas of focus, while the funding of advice in the devolved nations will pass to the devolved governments.

So this chapter makes no claim that everything MAS is already doing fulfills all the duties set out in the draft Bill.

And of course, in 2018/19, MAS will work only within its statutory remit.

1 At the time of publishing this draft plan, the Bill setting out the legal basis and statutory remit for the SFGB is still being debated in Parliament, so we cannot make any certain comments about its remit. The rest of this chapter is drafted using the assumption that the key provisions of the Bill will indeed become law, nonetheless with the clear understanding that Parliament may choose to alter them

The five aims of our Corporate Strategy

In the rest of this chapter we have reviewed the starting points in the five aims of our Corporate Strategy, what we see those delivering in 2018/19, and we look at their fit against the likely objectives and functions of the new body as they are currently drafted in the Bill.

Aim 1: delivering through others

The first conclusion of our Corporate Strategy was that the most valuable thing we could possibly do with our money is to help everyone else working on the problem of financial capability to achieve greater impact.

We recognised that there was a gap in coordination, because many excellent organisations were carrying out overlapping activities. There was an urgent need to document and agree priorities, because without agreement on how to describe the nation's money management challenges there could be no steps towards commonly agreed solutions. We saw a lack of evidence about what was effective in improving money management, and even a lack of common tools that could make measurements comparable and build a common knowledge base.

We responded by establishing the Financial Capability Strategy for the UK (UK Strategy), as well as similar strategies in Scotland and Wales[2], that deliberately goes further than MAS could possibly go alone[3]. We established a Financial Capability Board, and work with devolved governments and devolved steering groups, to involve leaders that represent a wider range of organisations and perspectives, and have a wider set of responsibilities, than the Money Advice Service board on its own.

In doing this we subscribed to the theory of 'collective impact', which is an approach to getting organisations to tackle complex social problems together. This theory proposes that collective impact needs a 'backbone' organisation (which has both the remit and the funding to support others interested in working on the same problem), surrounded by a constellation of other partners. The theory breaks the long-term change needed into three phases:

- a **mobilisation** phase, in which common goals, common measurement tools, continuous communication and mutually reinforcing activities create capacity across the constellation of people and organisations who all have a motive to work on the change;
- an **intermediate outcomes** phase, in which the changed behaviour of individual leaders, and the changed behaviour of organisations, begin to affect policy, delivery and activity; and
- an **impact** phase, in which the intermediate outcomes gather scale and momentum – to affect the lives of very large numbers of people who come into contact with the organisations and people that have committed to the strategy.

In the first two years of our Corporate Strategy we set out to tackle the mobilisation phase, and make MAS into a supportive, flexible and respected backbone organisation.

What we have found as we have done this is that the phases are not successive, but overlapping. We have had some significant successes in creating common measurement tools, mutually reinforcing activities and continuous communication. We now have a common agenda for the partners in the Financial Capability Strategy – but we are still debating the measurable goals. We have seen policy, delivery and activity affected by what we have started, but we cannot yet say they are on a scale large enough to affect many consumers.

We regularly compare practices and evidence with other countries that are taking a strategic approach to money management skills, and we find similar solutions and similar challenges. Like the UK, many countries are measuring the effectiveness of individual initiatives but cannot describe a clear causal path from those to population-level measurements of change.

By the third year of our Corporate Strategy, we expected to be in the foothills of what will be a long trek in delivering on the aims of the Financial Capability Strategy for the UK. The logic of that third and final year of our Corporate Strategy for delivering through others, is to:

- refine and complete the set of tools and techniques that partner organisations are using to evaluate their activity and share evidence of what works, why, when and for whom;
- complete the first phase of our ambitious What Works programme, funding 63 projects to completion, and initiating a new round of What Works projects that aim to fill some of the gaps in evidence not covered by the first round;

2 In Northern Ireland, a strategy already existed which we aim to support through all our activities there.
3 Our Corporate Strategy is therefore focused on those elements, within the wider Financial Capability Strategy for the UK, which the Money Advice Service sees as gaps it is uniquely well-placed (or required) to fill. Our 'five aims' are therefore our work to fill these gaps.

11.6m UK consumers in the UK match the 'financially struggling' segment. We identified this overall segment as having high needs for debt advice and money guidance.

- continue our work to populate the Financial Capability Evidence Hub, pulling together evidence and insight from the UK and beyond (including from our What Works programme) and sharing that evidence with the rest of the sector; and
- begin an evaluation that will seek to understand the effectiveness and impact of the Financial Capability Strategy for the UK. This will include the identification of a set of measures to indicate, at a population level, what difference that UK Strategy is making.

We also believe the time is right to refresh the UK Strategy document itself, and take stock of the Northern Ireland, Scotland and Wales strategies at the same time. We have learned a great deal since the first version was written, not least about how to simplify the language and crystallise the priority issues. A short document will set out plans for the next phase, including how we see major partners being involved in delivery.

Given that the Bill introducing the SFGB currently gives it a statutory remit 'to develop and co-ordinate a national strategy to improve the financial capability of members of the public, the ability of members of the public to manage debt, and the provision of financial education to children and young people, we see these proposed activities in our first aim as likely to be relevant to the new body.

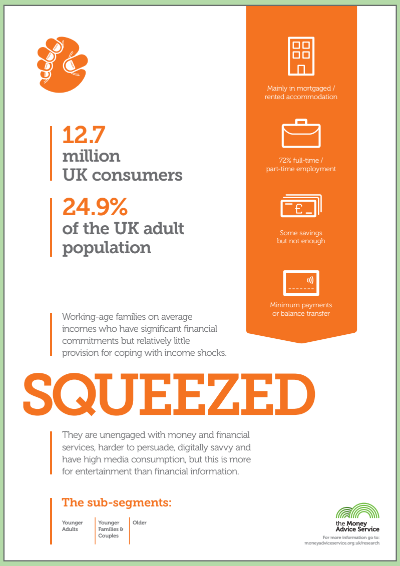
Aim 2: earlier and wider access to debt advice

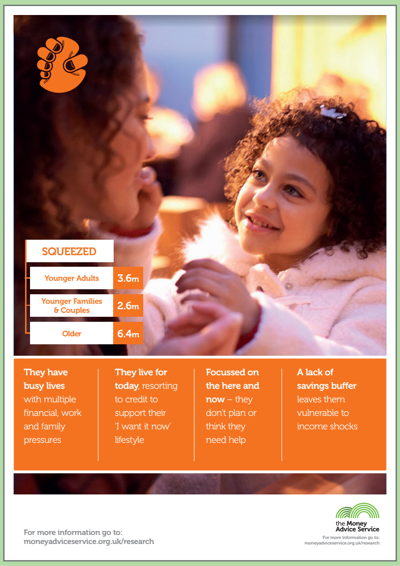
Our Corporate Strategy gave a high priority to our statutory remit to improve the quality, availability and consistency of debt advice, and to strategically coordinate the debt advice sector. This was our second corporate aim.

In the year before our Corporate Strategy began, we funded debt advice for around 370,000 people. At the end of 2017/18, we expect the number of people supported by our funded projects to be closer to 500,000. And the proportion of people taking action to address their debts remains constant – nine out of every ten people who receive MAS-funded debt advice do so. Although face-to-face debt advice remains an important component of our delivery, at around half of all people helped, telephone and online channels offer more debt advice by both volume and percent than when we began our Corporate Strategy.

At the same time the proportion of over-indebted people who choose to access debt advice has risen from 17% to 20.5%.

So we can justifiably claim to have widened access to debt advice, and improved its availability. But even now, the gap between people's *demand* for debt advice and the *supply* of free debt advice from all providers across the country runs to more than half a million sessions per year. So there is much more to do.





12.7m consumers in the UK match the 'financially squeezed' segment. We identified this overall segment as having high needs for money guidance, especially support with saving, managing credit, and planning ahead for their long-term finances.

We also believe that over the next 12 months we need to put a new focus on quality and consistency. The evidence of consistent and high quality advice provision is mixed. There are examples of genuine excellence. Client satisfaction with the debt advice they receive, and their propensity to take action to address their debts, have both remained at the same high level (while the volume has grown by one-third). These are two very important indicators of quality.

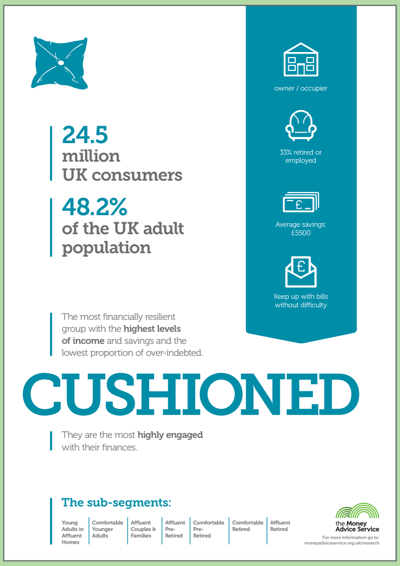
But we have also introduced objective reviews of the quality of the debt advice sessions we fund, to complement the client's subjective perceptions. These build on the thinking about quality set out in the FCA's regulatory framework for debt advice. What we have seen and been told by our partners in the sector has given us cause to home in on the following themes:

- Do clients always get the best advice for their unique individual circumstances?
- How often do debt advisers focus on the long-term needs of clients, and how often do they only focus on the here-and-now?
- How consistently and well are records kept, so that third parties can be sure the debt advice given was right for the client?

We are still gathering data to help us reach the most informed answers to these questions. We believe that the majority of debt advice we fund is of good quality and delivers effective outcomes. But we also think that we need to work with delivery organisations to deliver more effective audit and continuous improvement mechanisms in parallel with increases in volume. In 2018/19 we plan to put in place a new performance framework that will be part of our measurement mechanisms for debt commissioning in 2018/19.

During 2017/18 we have consulted on our strategic principles for commissioning debt advice. The final Debt Commissioning Strategy, published in December 2017, expands on the themes above. Over time we expect to migrate to commissioning based on these themes. As with everything we do in MAS, we must test and build the evidence based that shows whether the new approaches work, before commissioning them at scale. We will do this in 2018/19 and this will give an evidence base for future commissioning of debt.

We anticipate that the SFGB will have a remit to fund debt advice delivery in England and to set standards for those delivering that advice. The work we are doing under this aim is therefore likely to be relevant to the SFGB. And as we prepare debt advice services to be transitioned to their separate funding and governance arrangements in Northern Ireland, Scotland and Wales we aim to provide tools and processes that we will share with the devolved authorities if they choose to build on this work to drive up the quality of debt advice.



24.5m consumers in the UK match the 'financially cushioned' segment. Some of them need support with debt advice; young adults in this segment will benefit from money guidance; and our digital service serves millions of people in this segment.

Aim 3: More people budgeting and saving

When we analysed the money management needs of the UK population, we identified that two segments of the population in particular, the ‘financially struggling’ and ‘financially squeezed’ segments (totalling around 23 million people) should be a particular focus of our work.

We thought that the most important thing we could encourage people in these segments to do was to build a savings habit and a savings buffer, so that if they experienced a sudden financial shock they would have more to protect themselves from over-indebtedness.

We believed funding other organisations to help these people would be at least as important as any direct delivery we could do, if not more so. This is because we want to encourage these people to engage with money management before it becomes a problem. Finding touchpoints in organisations that are relevant to them in communities and other local settings seemed the best way to get that engagement.

This was particularly so for people in the ‘financially squeezed’ segment, as they are people of working age, often with families, and they are much less engaged with money management than people in the other segments.

So our strategy was to fund a wide variety of projects through the What Works Fund, to discover which organisations can work with people in these segments, and what is effective in doing so. We then committed to publishing a commissioning plan in Autumn 2018 that would set out what we do to help people in these segments budget and save through direct delivery, what we would commission through others, and what we would call on others to do without direct funding but through a coordinated approach.

Most voluntary and public sector organisations that bid into the What Works Fund deal directly with the ‘financially struggling’. This meant that of the 63 projects in the What Works Fund, however, only a small number of the 40 addressing working-age people would reach the ‘financially squeezed’ segment. So we set up a Financial Capability Lab, as another branch of the What Works Fund, to spur the development of 18 interventions that could help people in the ‘financially squeezed’ segment. This has been a success, with about six different approaches that we want to pilot or take forward with partners.

In the third year of our Corporate Strategy, we plan to complete the commissioning plan focused on the needs of working-age people. We believe this is likely to be valuable to the SFGB. It will set out our view of the best mix between what we should fund, what funders will do, and it will draw together conclusions from all our What Works Fund activities.

Working for and with the Devolved Nations

For many years MAS has worked closely with each devolved nation, through respective governments, departmental representatives and a wide range of agencies and other stakeholders in each country. A MAS Country Manager is located in each nation, representing that nation both internally and externally in each country in the application of their expertise in helping people to better manage their money, including financial capability and relevant insight and analysis.

This model, which has led to strong links between our strategies, business plans and activity and that of each devolved administration, has worked to good effect and we will continue it during 2018/19.

Janine Maher
Northern Ireland Manager

Allison Barnes
Scotland Manager

Lee Phillips
Wales Manager

Aim 4: More people accessing guidance and advice

At the outset of our three-year strategy we closed our face-to-face provision, but retained a more focused online and telephone service. Telephone calls are up by around 60% since we began our Corporate Strategy period and digital contacts by about 17%. It is interesting to reflect that now we spend nothing on advertising and yet our reach is wider than ever – we expect that our website will have 30 million visits in this financial year. Instead of marketing, we have focused on developing sophisticated search engine optimisation techniques using skilled experts. This means that whatever guidance a consumer is seeking MAS will be at or near the top of any search engine results page. This is made possible by having highly relevant and engaging content and being a trusted source that other credible organisations – news sites, financial service organisations etc – will link to.

At the same time, we set in train three strategically important pieces of work to help focus our guidance work.

- One was to understand who was not accessing guidance and advice, in what circumstances, and for what reasons.
- The second was to work with other voluntary sector guidance providers, where we believe them to be better placed to reach and help certain groups of consumers than our own services.
- The third was to begin the robust evaluation of our own online tools, applying the principles and tools that we have developed for use across the sector to understand what impact these tools have on customers' financial capability. We have begun with an evaluation of our Budget Planner and will publish the results on the Evidence Hub in Spring 2018.

The guidance and advice survey showed that there is a significant gap between the financial help people want and need, and the help they actually get. But more importantly, it gave us deep insight into the reasons why. Lack of awareness and trust in what is available are key barriers, with just 59% of the 'financially struggling' or 'financially squeezed' accessing guidance or advice on topics that are of interest to them. These insights give us an ongoing programme of work to improve our own services, and crucially areas of focus to work with other organisations, so together we can help more people in the right place and at the right time.

We believe that carrying forward work with other guidance providers is likely to be relevant to the SFGB's remit to enable consumers to access information, guidance and advice. With regard to the workstream focused on improving our own services, we think there is a case for making inexpensive improvements, but we are conscious that the leadership of the SFGB will have decisions to make about its consumer offer. We will not therefore invest in any fundamental changes to our websites in 2018/19, except to improve access to evidence and insight.

Aim 5: widening and improving financial education

The final aim of our Corporate Strategy was to coordinate, strengthen and improve all the ways in which children and young people might be helped to think about money, experience it, and prepare for managing it in adult life.

We committed to publishing a commissioning plan setting out our stall in Autumn 2018. Just as with the commissioning plan for working-age people under aim 3, we would expect the plan to draw conclusions from our investigations into evidence of what works, and set out the balance that we think should be struck between delivery through our direct channels, commissioning others to deliver, and coordinating others to do valuable work without direct funding from ourselves.

We have made great progress, and yet there is still much further to go. Research we published in 2017 showed us that adult financial behaviour can be predicted by childhood skills from as young as the age of 5, but most resources still go into lessons or interventions for much higher ages.

Our What Works Fund has funded a number of pilots testing innovative ways to make financial education in schools more lively, experiential and timely, including vital new work in primary schools directly influenced by our research showing the importance of starting young.

Our ‘Maths in Context’ randomised control trial (RCT) is rigorously testing the hypothesis that if more of maths is taught through money, both money skills and maths skills will be improved more than teaching either subject on its own.

Through our funding of the ‘Talk, Learn, Do’ parenting pilot we feel we have successfully moved the debate so that many are thinking just as much about money conversations and interventions in the home as well as what happens in schools.

From our research we have begun to understand in much more detail which children and young people are particularly vulnerable in a financial capability context, and to work with local authorities to test how financial education can be embedded in support tailored to their unique needs happening in communities, as well as school and home.

But we recognise that this is a complex landscape with many moving parts – not least in the education systems that are different and devolved in Northern Ireland, Scotland and Wales. A way to truly mobilise high-quality financial education in schools across the UK is to win the hearts and minds of large numbers of teachers directly, as well as advocating the curriculum requirements that are communicated by educational policy-makers and regulators.
We therefore plan in 2018/19 to design a long-term strategy for communication with teachers about evidence of what works and why it has a value. We will also build on our initial work in local authorities. This will scale up and embed an offer that supports those who are already working with particularly vulnerable children and young people in communities and homes. Where they begin to deliver financial capability support as part of their routine work, it will create a key route for influence and change for those whose needs are not met through universal school education.

We anticipate that the SFGB is likely to have a statutory remit to coordinate the provision of financial education to children and young people. So we expect our children and young people commissioning plan to be a relevant contribution for the SFGB to consider.

We believe that with some minor exceptions, continuing to deliver on our five strategic aims, in line with our Corporate Strategy, will deliver value to what we understand will fall within the SFGB's statutory remit. We therefore set out plans on the following pages that aim to keep up the momentum on establishing evidence, mobilising others, and ensuring consumers access high-quality guidance and debt advice no matter who delivers it.

Chapter 1: Delivering through others

The strategic aim

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

What is the Financial Capability Strategy for the UK?

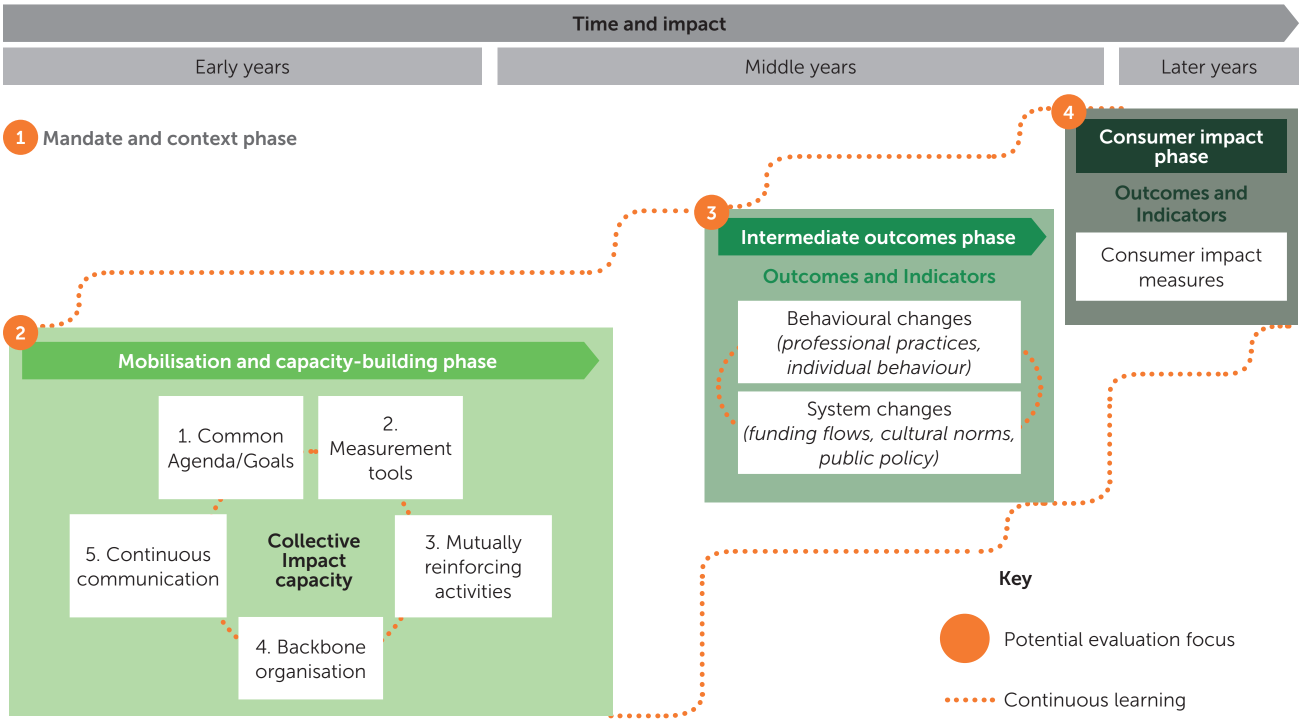
Levels of financial capability in the UK are far too low:

- four out of ten of adults in the UK feel our approach to budgeting does not work well
- around 21 million working age people have less than £500 in savings, and so are highly exposed to a drop in income or unexpected bills such as a boiler repair or a new fridge; and
- more than 8m people in the UK are over-indebted.

These are complex problems which can lead to widespread impacts on individual wellbeing, health and the UK economy. They cannot be solved by any one organisation working alone. The Financial Capability Strategy for the UK was launched in October 2015 to bring many different people and organisations together to collaborate and take action to permanently address these issues. Employers, charities, government and businesses all want to give people the life-long control and confidence to make the most of their money – from pocket money to home-buying.

So the **Financial Capability Strategy** is a national partnership, led by an expert board, addressing a UK-wide problem – with parallel and supporting strategies in **Northern Ireland**, **Scotland** and **Wales**.

The panel above sets out in brief the essentials of the Financial Capability Strategy for the UK (UK Strategy). In this chapter we set out the progress we want to make towards that vision in 2018/19.



From the Guide to Evaluating Collective Impact and used under a Creative Commons Licence / Language for phases 1 and 2 modified

Our approach follows the theory of 'collective impact', which hinges on the idea that in order for organisations to create lasting solutions to social problems on a large-scale, they need to coordinate their efforts and work together around a clearly defined goal. The four phases that an organisation leading collective impact can follow are set out in the diagram above. Once context and a mandate have been established, the first phase of work focuses on mobilisation and capacity-building. That means getting other organisations to reach a common understanding, agreement on priorities for action, and find ways of working together. We see our work in 2018/19 principally as finishing the mobilisation phase, but the phases overlap, and there are elements of the next phase (intermediate outcomes) that we expect to see developing in 2018/19 as well.

The key elements of the mobilisation phase are:

- **Establishing a common agenda and goals.**
- **Creating measurement tools.**
- **Performing mutually reinforcing activities.**
- **Continuous communication.**
- **A backbone organisation.**

Deepening the common agenda and goals

The original version of the Financial Capability Strategy for the UK (published in October 2015) established a common agenda but did not set specific goals, nor specify how they would be measured. In 2018/19 we will update it and deepen it.

In 2018/19, we plan to work with financial capability partners to establish the long-term impact measures that would indicate, at a population level, whether the UK Strategy is making a difference.

Our early thinking about our part in these goals is given on pages 44–45, and we are keen to receive consultation responses that challenge or strengthen this thinking.

We also intend to work with our financial capability partners to set out a short, refreshed and simplified version of the UK Strategy that will establish how we expect to reach the goals identified and what different partners have agreed to do.

Concluding work on measurement tools

We have created an Evaluation Toolkit, with a suite of Outcome Frameworks that set out standardised ways of measuring people's money management skills and motivations. The Toolkit sets out a broad easy-to-follow approach to evaluating financial capability activity, and the frameworks provide a bank of carefully researched questions that can be used in surveys to measure changes in people's financial capability outcomes.

Many organisations have adopted the toolkit, and notably all 63 projects in the What Works Fund use the frameworks to capture outcomes in a way that will allow meaningful comparisons across findings.

We are constantly evolving our frameworks so that they reflect the latest financial capability insight and analysis. This year we have adapted the Adults Framework so that it incorporates our research to define the building blocks of financial capability, and we will apply that work across the rest of the frameworks next year. We will also be adding a new framework focusing on young adults, and a brand new analysis tool to help organisations make sense of the data they collect through the frameworks.

Finally, we have begun, and will continue in 2018/19, to evaluate formally the UK Strategy itself. We will look at the experience of organisations involved in delivering the UK Strategy, the effectiveness of governance and communication mechanisms (see continuous communication, page 22 below), and ultimately the impact of the UK Strategy on the financial capability of people in the UK.

Continuing mutually reinforcing activities

We have a suite of core, mutually reinforcing activities that in 2018/19 will continue to support financial capability partners in developing a common view of both problems and solutions.

Five are particularly important.

- Our programme of work around the IMPACT principles encourages and supports organisations who want to commit to an evidence-based approach to financial capability. They agree to share results for the benefit of all, and we agree to support them. Already, 66 organisations have signed up to the IMPACT principles and we expect many more to follow.
- In the final quarter of 2017/18 we are supporting a **cohort of funders t**o evaluate the impact of their funding on financial capability. We will then bring a broad network of funders together for a conference aiming to inform and support their funding decisions to achieve greater collective impact on financial capability.
- During 2018/19 we will carry out a new s**urvey assessing the financial capability of a large sample of adults** all across the UK. This provides a resource base for all stakeholders and will enable us to advance our learning about the core building blocks of financial capability.
- Partners' commitments to share evidence would have limited value if the evidence were widely scattered and hard to find and compare. So the second key activity at the core of this work is based around our Evidence Hub. At its heart, this is a repository of the best financial capability evidence and insight from all around the world. It allows readers to sift and search for the most relevant studies, and pulls together key learning in topic-based thematic reviews. It currently contains 195 evidence summaries and three thematic reviews and we expect these numbers to grow significantly in 2018/19, not least as we add material from the 63 What Works Fund projects.
- The What Works Fund is the other flagship among the mutually reinforcing activities that we expect to focus on in 2018/19. We have funded more than £8m of projects that look at financial capability interventions all across the UK, to almost all age groups, and using a wide variety of settings and channels. A few of these projects will deliver their evidence in January, February and March 2018 but many will deliver between April and August.

For each completed What Works project, we will:

- support the grant recipient to place a high-quality report on their findings on the Evidence Hub;
- support the grant recipient with their own learning and sharing plan to share the evidence among their own networks;
- draw the evidence into a range of larger thematic reviews, which we will begin to publish on the Evidence Hub during the course of 2018/19; and
- draw the evidence into an active programme of targeted communications to practitioners and funders across the UK.

We are grateful to the 409 organisations that bid into the original What Works Fund, and to all the organisations who developed their original proposals. In 2017/18 we have carried out lessons learned on our processes in order to become an even better funding partner. We will continue this process of self-improvement, with the help of our grant recipients, in 2018/19.

As well as the flagship fund of our What Works Programme, there are also several smaller but equally significant workstreams that we will follow through in 2018/19:

- In 2017/18 we began work with a consortium of organisations from the financial capability community aimed at understanding the needs of practitioners that, if met, would help to raise the quality and consistency of practitioner delivery across the country. In 2018/19 we will deliver the next phase of this work by working closely with the diverse range of organisations in the community to develop and test a competency framework and determine the best communication and integration routes. We will also map existing standards, resources and training to help develop this work. We will join this to the equally important work we are doing with debt advisers to raise quality (see chapter 2, page 27).
- In 2017/18 we ran a Financial Capability Lab, in partnership with the Behavioural Insights Team and Ipsos MORI, to test 18 new ways of helping people in the 'financially squeezed' segment with their money. These ideas covered a range of key money management challenges, including saving, spending and credit use, and seeking help when it is needed. This innovative workstream has led to at least six initiatives that we want to take forward to the next stage in 2018/19, either through scaling them into pilots that will deliver suitably robust evidence, or working with partners who have expressed an interest in building them into their own services.
- During 2017/18 we analysed the gaps that have not been filled in the 63 projects in the flagship What Works Fund. We intend to take forward some smaller workstreams, totalling about £3m in spend, to look at what works in:
  – the workplace;
  – joining financial capability with debt advice;
  – third sector organisations partnering with others to reach the 'financially squeezed' segment; and
  – completing evaluations of the two winning fintechs that entered the Tech City/MAS sponsored Fintech for all competition – which shone a spotlight on fintechs wanting to address financial exclusion and financial capability.

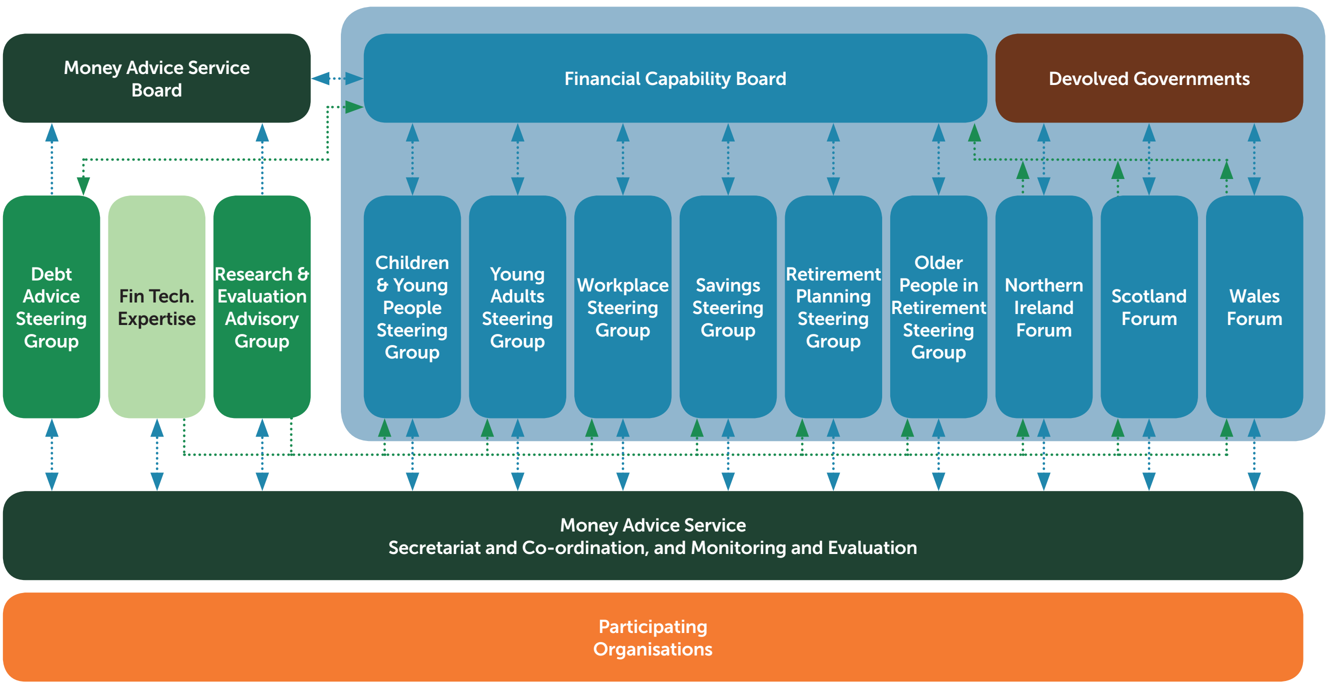
Improving continuous communication

As we move towards involving hundreds of organisations involved in the UK Strategy, we need to find ever-better ways of ensuring relevant, continuous communication.

In 2018/19 continuous communication will have three main strands.

The first is the continuation of the **Financial Capability Board and Steering Groups.**

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



The Financial Capability Strategy Steering Groups

Together with the Financial Capability Board, the steering groups continue to play a crucial role in sharing and digesting insight, connecting opportunities, identifying priorities and driving action, as well as helping MAS evolve as the backbone organisation in the UK Strategy. They are also a critical support for the wider work of the strategy with target groups that fall outside MAS's priorities based on its segmentation – for example, older people in retirement outside the 'financially struggling' segment.

Children and Young People Steering Group
Working in partnership with delivery organisations, the group is leading the development of a common core set of learning objectives that schools and teachers can use when planning financial education programmes. This will be shared with schools in late 2018. This will contribute to the plan set out in chapter 5 (see page 39) for making the case directly to teachers about the benefits of financial education.

Young Adults Steering Group
The group's main focus is exploring how young adults entering and moving through the labour market, further and higher education, and their social mobility more generally, can be turned into opportunities to support financial capability. For example, apprenticeships engage a large cohort of young adults, so the group is engaging key influencers to bring about the inclusion of financial capability support within apprenticeships.

Workplace Steering Group
During 2018 the Group plans to publish a business case for why employers should support the financial capability of their employees. It is intended this will act as a 'living' resource that will allow organisations to make a compelling case for offering financial capability interventions to their workers.

Savings Steering Group
The group's work on rules of thumb will feed into a working group through which MAS will work with stakeholders to test consumer responses to prototype rules of thumb (see chapter 3, page 29). The group will also publish a paper exploring what a savings landscape tailored to the specific needs of life stages could look like. It is intended that this will form the basis for further work to develop and test nudge and auto-enrolment methods to support savings habits.

Retirement Planning Steering Group
In 2018/19 the Retirement Planning Steering Group will be working across three areas:
- understanding which customers are most susceptible to risk in relation to their retirement planning;
- developing and testing interventions with potential to improve retirement planning; and
- looking at what the sector can do to build trust and help people connect with their pensions (making them feel more strongly that pension savings belong to the customer).

Older People in Retirement Steering Group
The group identified an important gap in insight about what constitutes a retired person who is well placed to deal with life events during retirement. Age UK (who chair the group) are leading research to fill this gap, which is expected to be published toward the end of 2017/18. Findings from this research will enable the steering group to identify key target areas for action.

Secondly, Financial Capability Week has now run for two years, each time in November. It has grown from an event largely showcasing work from MAS to one that highlights great work from other organisations across the country. It is now an indispensable part of our process of continuous communication, with nearly 200 events across the country in 2017. However, we want to explore other ways of helping organisations to understand the UK Strategy, including ones that don't involve travel. In the Scottish Financial Capability Week we ran a successful joint webinar with the Improvement Service; in 2018/19 we intend to experiment with webinars more widely to see how much they can supplement location-based events.

Finally, we will invest significant communications effort in **disseminating the results of the What Works Fund** alongside the best available evidence from the rest of the world. This information will be available on the Evidence Hub but it also needs to be brought to life and taken out to relevant conferences, newsletters and journals. We will complement the individual learning and sharing plans for each of the 63 What Works Fund projects with coordinated, flagship communications in England, Scotland, Wales and Northern Ireland.

Continuing the role of a backbone organisation

It is obvious from the plans above what it means to be the backbone organisation for the UK Strategy. We will need to work carefully to make knowledge and assets available that support the UK Strategy into the single financial guidance body.

By the end of 2018/19 we expect our work under this aim to deliver more and better evidence, a more refined set of tools that stakeholders can use to deliver the UK Strategy, and stakeholder engagement that is both wider and deeper than ever before.

Chapter 2: Earlier and wider access to debt advice

The strategic aim

Aim 2: 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.

Since 2012 the Money Advice Service has had a statutory remit to work with organisations that provide debt advice to improve the quality, availability and consistency of debt advice across the UK.

This has included funding delivery of debt advice, which has risen from supporting 100,000 people per year to nearly 500,000 per year since the funding transferred to MAS.

In 2018/19 our work on debt advice will focus on three main areas: **strategic leadership and coordination, funding high-quality delivery,** and **ensuring a smooth transition.**

Strategic leadership and coordination

We have aimed to lead debt advice in the same way that we have led the broader Financial Capability Strategy for the UK: by acting as the backbone organisation and working with a wide range of organisations across the sector on common issues.

In parallel with the Financial Capability Board, we set up a Debt Advice Steering Group (DASG), composed of senior leaders, and a Debt Advice Operational Group, composed of managers and subject matter experts. Both came from a wide range of organisations.

The Debt Advice Operational Group has succeeded and contributed in areas too numerous to list in full here. In particular it has supported the thinking for, and rollout of, the Standard Financial Statement (SFS). This important tool is now at the heart of the experience of hundreds of thousands of people who have been helped with debt advice each year. It helps creditors and advisers build up the same picture and perspective on the finances of someone seeking debt advice, and promotes evidence-based norms for spending and saving while paying down debts. Since its launch in March 2017 the SFS has been adopted by more than 250 organisations.

During 2018/19 we will continue and complete a pilot to investigate how successfully we can encourage people to save at the same time as paying down their debts, using the SFS as the framework.

In 2016/17 we reviewed the senior body, the DASG, and all concluded that the membership was too large and that it had become unwieldy. In 2017 we revived it with a smaller group of leaders. With them, we agreed the strategic issues that needed to be addressed in a Debt Sector Strategy. They were:

- reviewing how debt advice is funded;
- customer journeys and handoffs;
- quality;
- creditor practices;
- the range and suitability of debt solutions; and
- improving the longer-term financial resilience of people receiving debt advice.

In 2017/18 we have worked with the DASG to develop the strategic thinking in all these areas. In 2018/19 we will continue to implement the strategy for all areas, but with some areas proceeding more quickly than others.

We expect to publish a Debt Sector Strategy, based on this work, before the end of March 2018. So this business plan consultation will not try to restate the entire Debt Sector Strategy, but just touch on some key highlights that it will cover.

Independent Review of Funding

With the support of the FCA, the DASG appointed an independent reviewer of the funding for debt advice, amid widespread concerns that funding is inadequate, inefficient, duplicative and may be unreasonable in terms of who funds it.

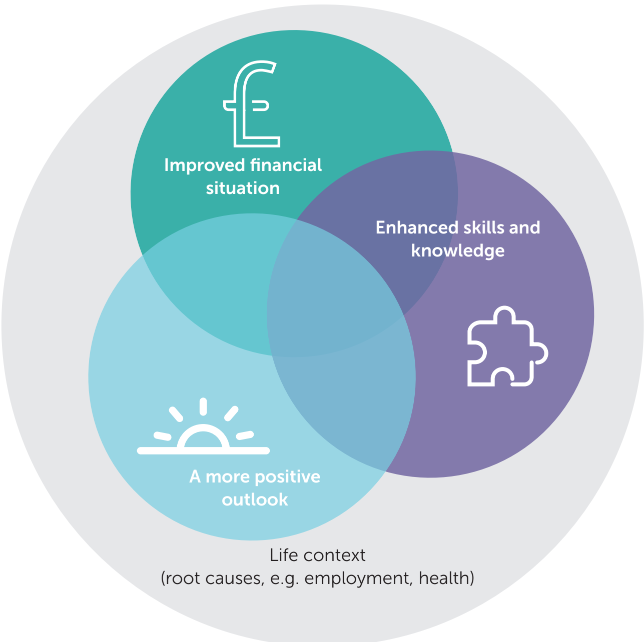
We were delighted when Peter Wyman CBE DL offered to perform this review during 2017/18. MAS has supported him with a small secretariat and has supported him to issue a call for evidence. At the time of writing we do not, of course, know what conclusions he will publish as an independent reviewer; but he has indicated to us that he hopes to publish his report in the last quarter of this financial year.

We have set aside dedicated resource in our 2018/19 business plan to carry forward his conclusions that relate to the Money Advice Service, subject to our board's discussion of them. Ultimately, we expect many of the recommendations may impact on the DASG and the broader sector and we will attempt to influence take up of these through our strategic coordination remit. We have confidence that implementing Peter Wyman's recommendations will give more momentum to a sector under pressure, and ultimately lead to more people receiving the good debt advice they need.

Other Debt Sector Strategy themes

We expect to develop and continue significant programmes of work to deliver on the other themes of the Debt Sector Strategy. Our What Works Fund will research ways of improving the longer-term financial resilience of debt advice recipients. We are working with public sector creditors to develop a good practice toolkit for them, building on the one we published in July 2017, which we expect to publish early in 2018/19. We also continue to work collaboratively with a working group made up of Debt Advice Operational Group members to examine, test and deliver improvements to customer journeys through debt advice.

Just as importantly, we will work with DASG members to help them promote the principles agreed on in the Debt Sector Strategy and embed its thinking in organisations they manage or influence.



In our December 2017 report Better Debt Advice, which examined best practice from providers we fund, we identified that better debt advice identifies and targets three overlapping areas of client need:
– improved financial situation;
– enhanced skills and knowledge; and
– a more positive outlook.
These findings will be built into our enhanced Performance Management Framework to support our work with partners improving the quality of debt advice.

Funding high-quality delivery

In September 2017, consumer credit lending stood at £204.2 billion – a 9.9% increase on 12 months previously. It has been steadily increasing since 2014 with an annual growth rate of between 6–10%.

There have been significant shifts in the nature of over-indebtedness. Since last year, the over-indebted population has grown from 7.9m to 8.3m, which is a growth of 4.2% year on year. And the proportion of that population seeking advice has increased from 19% to 20.5%.

And supply does not match demand. During 2017 we conducted a survey of the supply of debt advice and mapped this to who needs it across the UK. This told us that the latest snapshot of need (based on 20.5% of over-indebted population engaging with debt advice) was 1.6m people. The supply of debt advice provided for 1.06m people, a gap of 630,000. The same analysis a year before showed a gap of 550,000. So the gap between supply and need has grown by 15% over the course of 12 months.

Because of this, we have made the case to the FCA that the debt advice levy in 2018/19 should rise from £48m to £56.3m. This rise will not enable us to fully close the gap, but it will enable us to deliver debt advice to up to 90,000 more people than if our funding were to stay the same[4]. The £8m rise will be ring-fenced until the conclusions of Peter Wyman's review are known early in 2018.

Our Debt Commissioning Strategy

As well as the Debt Sector Strategy, in 2017/18 we **consulted on a new approach** to the way we fund delivery. We have now **published our Strategic Approach to Debt Commissioning 2018–2023**, so again here we only touch on highlights. But some key elements of this Debt Commissioning Strategy are:

- introducing a target audience that we want to proactively attract to debt advice, as well as supporting existing demand;
- dividing England into nine regions for commissioning, so that we can commission in a way that is more sensitive to local needs and supply;
- improving customer journeys and capturing data about clients who move from one organisation to another over the course of their journey; and
- a technology strand, to make sure that digital self-service is used to best effect and other technological advances are shared with the sector as early as they can be fruitfully used.

4 We will publish the final number of people our funding will help by providing debt advice in the final version of this business plan. We have listened to the sector based on the publication of previous business plans and we feel it is important to use the consultation process to develop our thinking about the balance we should strike between scale and quality.

In 2018/19, we will develop funding arrangements for two of the nine English regions: London and the North-West. These commissioning proposals will apply the six principles of our new commissioning approach. The regional arrangements will be part of a rolling programme that learns as it goes, so that over the course of the Debt Commissioning Strategy the whole of England will be commissioned following the new approach, but with learnings from the first regions incorporated into later funding rounds.

We will introduce co-design into the development of the agreements for London and the North-West. This means involving both service delivery organisations, and over-indebted people, in the development of the service offer and the management arrangements that will support it. We believe this user-centred approach will significantly improve the new services.

An invitation to co-fund

Our Debt Commissioning Strategy includes a principle that we want to fund advice that is holistic, where it is possible to join with other providers to address people's problems 'in the round'. To make our delivery as effective as possible, we are interested in entering into discussions with private sector foundations, charities, corporate social responsibility arms of private businesses, and public sector funders about how we can work together to deliver debt advice alongside other advice needs. In 2018/19 we will be focusing on new funding arrangements for debt advice for London and the North-West, so we're particularly interested in organisations operating in these two regions of England.

If you would like to discuss these matters with us, you are welcome to respond as part of your consultation response to this plan or contact co-funding@moneyadviceservice.org.uk

A critical part of the Debt Commissioning Strategy will be our approach to quality and training. We will apply this to our work in the two English regions described above, but will also be applying the same principles to our funding in other new and continuing agreements.

Quality and training

Client satisfaction with the debt advice they receive, and their propensity to take action to address their debts, have remained at very high levels, while volume has significantly increased. But what we have seen and been told by our partners in the sector has given us cause to home in on the following themes in relation to quality:

- Do clients always get the best advice for their unique individual circumstances?
- How often do debt advisers focus on the long-term needs of clients, and how often do they only focus on the here-and-now?
- How consistently and well are records kept, so that third parties can be sure the debt advice given was right for the client?

To help us explore and address these challenges in partnership with the sector, in 2018/19 we plan to introduce an enhanced Performance Management Scheme for our funded advice. This will build on an existing scheme, which currently supports peers from one organisation to look at the work of another organisation delivering debt advice. But it will include new elements of audit (traceability back to an individual organisation, adviser and session), and transparency.

To support organisations with quality, we plan to spend more on:
– the training we fund;
– helping debt organisations to share good practice and continuous improvement;
– embedding a consistent approach to professional development and technical debt advice supervision within our funded services; and
– accreditation.

We will invest approximately £1m of the £56.3m funding in the performance management framework to support and empower the workforce of debt advisers. We will deliver this framework in a way that complements and strengthens the financial capability practitioner work described on page 22 above.

Ensuring a smooth transition

We anticipate that the single financial guidance body will only fund the delivery of debt advice in England. Under the draft Bill going through Parliament, funding will continue to be collected by the FCA, passed to HM Treasury and distributed directly to the devolved administrations. However, under the same draft Bill the single financial guidance body will have a remit for a national strategy to improve the ability of members of the public to manage debt, and this remit will be UK-wide.

We want to ensure that the delivery of high quality debt advice sessions continue through transition and that service users are unaware of any changes. We are working closely with devolved government representatives to ensure a smooth transition.

Whatever arrangements are chosen, we are dedicating programme resource and funding to ensuring that we are able to hand over know-how and relationships in these three countries.

An ambitious year for debt advice

Our three priorities of strategic coordination, funding high-quality delivery to meet a higher level of demand, and ensuring a smooth transition, will mean that our board and leadership will need to turn more of their attention than ever before to our debt advice work in 2018/19.

We believe that the programme we have set out here will provide considerable momentum to the sector and result in many tens of thousands of people receiving excellent debt advice.

Against a backdrop of financial difficulty and economic uncertainty these are some of the most important ways that the Money Advice Service will change lives in 2018/19.

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 and credit well day to day, and to build resilience by saving more for the future and protecting themselves against the unexpected.

When we set out our Corporate Strategy in 2015, we identified 11.6m 'financially struggling' and 12.7m 'financially squeezed' adult consumers who typically have a small amount of savings and are therefore vulnerable to financial shocks.

We also know that 7 in 10 people face an unexpected bill each year. This is typically between £200 and £400, but can be much higher (such as £1,341 for the average car repair bill).

So if we can encourage and support more of these people to manage their money (including credit) well day-to-day, save more either for the short-term or long-term future, and to protect themselves against the unexpected, then we can make a real difference to their lives and especially may be able to help them from becoming over-indebted when they do hit an unexpected financial shock.

We have addressed this huge challenge by **building the evidence base,** which will help us understand what could be achieved by **working with and through others,** what could be **funded via external commissioning;** and exploring the role of our **direct delivery channels** in supporting the strategic aim. In 2018/19 we will bring these four strands together in a commissioning plan for working-age people. Separate consideration will be given to the financial capability needs of those aged 55+ and those moving into retirement, and of course this work will be done in close collaboration with The Pensions Advisory Service and Pension Wise.

Building the evidence base

The aim set out in this chapter is especially ambitious when we analyse the needs of people in the 'financially squeezed' segment. These are all of working age, ranging from young adults becoming active economic actors and consumers to those moving into retirement, who are on or close to average incomes. They are typically in a relationship, living in mortgaged or privately rented accommodation, in employment – or completing/graduating from college or university – and many have children. Since we began our Corporate Strategy we have carried out more research to understand the needs of people of all working ages in this segment.

Compared to the population at large they are more likely to say they struggle to keep up with bills and commitments, less likely to be confident choosing financial products, and less likely to have a budgeting approach that they feel works well for them as individuals or for their household. They are more likely to use high-cost short-term credit, not least because they need credit unexpectedly. Generally, they are less engaged with financial services, guidance and advice – including debt advice.

The total population of the two segments we have looked at in detail is more than 24m people, so it is very important that we prioritise those most in need. Our current thinking on target groups within these larger segments are as follows, and we welcome commentary on our choices. Based on initial analysis and in anticipation of the findings from our What Works activities for those of working-age – we have identified for consideration three age cohorts and target groups:

- **Young adults aged 18 to 24** (4.33 million people from the 'financially struggling', 'squeezed' and 'cushioned' segments.) These young adults are striving to establish their own financial independence as active economic actors; entering an uncertain labour market or accessing limited welfare while job seeking; and find themselves as less-experienced consumers of banking, credit, paying bills and other services (such as student loans for further and higher education). We have also taken a careful look at sub-segments within the 'financially cushioned'. Many of the financial indicators from 2.1m young adults within this segment significantly resemble the 'financially struggling' and 'squeezed' young adults. Our investigation into channels to reach them also show significant overlaps. We propose to include them within the young adult target segment.

- **Young couples and families aged 25 to 34** (3.03 million people from the 'financially struggling' and 'financially squeezed' segments.) They are more typically experiencing life events and transitions such as setting up home together and planning for parenthood, at the same time as building working lives. At the same time they face variable living costs, and must deal with welfare reform, consumer debt, student loan repayments and constrained wages.

- **Working families aged 35 to 54** (5.56 million people from the 'financially struggling' and 'financially squeezed' segments.) They are more typically experiencing life events and transitions such as a relationship breakdown. Planning to support elderly relatives, and for their children as they reach adulthood are also common challenges. All these occur within a context of variable living costs, welfare reform, consumer debt, constrained wages and the personal challenge of funding a decent retirement.

The challenge we have set ourselves, therefore, is to find ways of contacting or connecting to people in these defined sub-segments well beyond our own direct channels or funded debt advice delivery. We want to offer them support that has impact, substantiated by evidence.

So in 2017/18, we announced a £7m What Works Fund to gather evidence from interventions already happening across the UK in a wide variety of settings. As a result of this, we are funding 63 projects across the UK and we expect them to provide evidence of their impact on consumer behaviour by the middle of 2018. Around 40 of these projects target working-age adults ranging from young adults to those moving towards retirement.

So a very important part of our work next year will be to digest and synthesise the results of the projects that help working-age people, and to consider:

- Does the evidence of impact justify scaling this project to help more people?
- If so, who is best placed to fund this – is there a business case for other partners to fund this intervention?
- Do we want to gather evidence again in six or 12 months' time to see whether the impact is sustained?
- If the evidence of impact is only partial, which techniques could be merged with the evidence from other projects to create a more impactful intervention?

A commissioning plan for working-age people.

We will bring together the conclusions from our work to date in a commissioning plan for working-age people between the ages of 18 and 54, which we will publish in the autumn of 2018. In essence, it will create a set of costed and scoped proposals that the single financial guidance body can, if it so chooses, adopt.

There should be no artificial divisions between our ability to support working-age people when they seek debt advice and when they access guidance and information through our digital and telephone channels. Early access to debt agencies should help people to manage their money so that they don't end up in problem debt; when people do need debt advice it should also build their future resilience. And digital guidance should make it attractive and easy for people to plan for the future. So the work described in chapters two and four of this plan will be highly relevant to, and well-connected with, this commissioning plan.

It will finalise which sub-segments within the two larger segments we plan to target, which outcomes we plan to measure, and the balance between influencing others, funding delivery through a commissioning approach, and how our direct channels can complement both.

Calibrating the scale of ambition for such a plan is an important but difficult task when the scale of the challenge is so large, and we are interested in consultees' views. Our current thinking is that the first year of the commissioning plan would propose about one million pounds of commissioning funding towards each of the three sub-segments described above. Our ambition is also to maximise co-funding, and align other organisations' funding towards the same sub-segments and approaches that have evidence of impact. The general principle would be to start small and prove the case for impact at scale.

Influencing and working with others

As we work towards the commissioning plan, during 2018/19 we will advance one flagship project and other important projects where we think could make a real difference by influencing and working with others.

The first is our proposed work with Nest Insight to pilot a concept called 'sidecar savings'. In simple terms, this would be an optional contribution that employees make from their salary, administered by their employer through payroll deductions. As well as payments being deducted from their salary towards their pensions, an additional amount would be deducted to build up a liquid savings pot. This might be, for example, a pot of £1,000 that they would then be able to access when they experienced a financial shock. But the liquid savings pot would also have a cap, allowing any excess to flow into the workplace pension.

This concept has international support and interest and parallel pilots will also take place in the United States next year.

We tested consumer understanding of this concept in the Financial Capability Lab and conducted additional consumer research. We now better understand consumer appetite and the barriers we would need to overcome to enlist employees in this offer. The first phase of the 'sidecar savings' field trials is due to commence in April 2018.

We are also considering taking forward two further concepts from the Financial Capability Lab:

- **Checkout savings,** which is a way of instantly banking the results of supermarket savings at the checkout. This had excellent resonance with consumers and we would explore partnerships with major retailers.
- **Cook and save,** which links saving behaviour to other life goals (such as healthy eating). We would seek credible partners to test this at pilot scale.

We believe that the workplace will prove a very significant arena for delivery over the longer-term. Although we funded some workplace interventions in the current What Works Fund, in 2018/19 we are going to use some of the new What Works funding to spread our net wider across multiple workplace settings, considering the financial pressures faced by different categories of worker, possibly including the self-employed.

As a result of the Financial Advice Markets Review, we developed workplace money management content and it is available on our digital channel but has low take-up from employers at present. Part of our strategic approach to the workplace will be to test how we can improve take-up of these materials (or adaptations of them), and prove their impact.

During 2018/19 we will support the Government working group as it moves towards delivering a Pensions Dashboard, as we believe a fully effective Pensions Dashboard will be an important tool to help motivate people in these two consumer segments to understand their future financial lives.

Using our direct channels to encourage budgeting and saving

The commissioning plan for working-age people aged between 18 and 54 years old, as well as what we provide to those aged 55+ and moving into retirement, will include consideration of what we deliver directly. Some of our direct delivery areas give valuable help with welfare and retirement planning.

Our **Online Money Manager**, a self-help budgeting tool to help Universal Credit claimants manage the transition to monthly payments, has been available since February 2017, with recent enhancements to reflect payment flexibilities available to claimants in Northern Ireland and Scotland.

As the rollout of the Government's Universal Credit programme continues, we will continue to review the support we offer online and through our helpline, particularly because more in-work claimants and households will transition to Universal Credit over the coming period. Alongside this, we are exploring how we can support in-work Universal Credit and Working Tax Credit households to determine whether they can benefit from the Government's Help to Save scheme, scheduled for rollout in 2018/19.

And during 2018/19 we will look at a handful of critical working-age life events and transitions, and the content and tools we provide to help people navigate them on our digital service and through our helpline, to check whether there are ways we can make the financial planning and savings implications of these life events even more salient and actionable. These will include our tables on annuities and income drawdown for those moving into retirement, and on supporting couples facing relationship breakdown (see also chapter 4, page 33).

An invitation to co-fund

Our commissioning plan for working-age people aged between 18 and 54 will aim to coordinate the impact and effectiveness of multiple funders. To make our plan as effective as possible, we are interested in entering into discussions with private sector foundations, corporate social responsibility arms of private businesses, and public sector funders about how we can work together to improve the money management skills of working-age people.

If you would like to discuss these matters with us, you are welcome to respond as part of your consultation response to this plan or simply contact co-funding@moneyadviceservice.org.uk

A joined-up commissioning plan for budgeting and saving

Our commissioning plan for working-age people aged between 18 and 54 will maximise all the consumer contact we have, to make effective inroads into key segments among the 'financially struggling' and 'financially squeezed'. It will consider the role of information and money guidance as well as 'nudges' and direct-to-consumer education. It will also set out how we can make debt advice build long-term resilience and enhance financial capability for people in these segments.

And it will maximise what we can achieve through others, whether we influence and support good work they can do without our funding, or whether we fund them directly.

Given the scale of the challenge, we suggest that the funding for external commissioning (ie funding flowing to external organisations for delivery) in the first three years covered by the commissioning plan should start in the very low millions, to prove that delivery at scale can have an impact.

We welcome comments on these target groups and on this ambition in response to this plan.

Chapter 4: Improving access to guidance and advice

The strategic aim

Aim 4: to help more people make use of good-quality, effective financial guidance or advice when they need it.

Almost six in ten working-age people in the UK are either 'financially struggling' or 'financially squeezed'. And within these, 3.2 million find it difficult to keep up with their bills and commitments. Financial help and support, in the form of guidance and advice, can be essential in enabling millions of adults of all ages to deal with the complexities of major financial decisions and the often difficult balancing act of managing everyday finances.

Yet, despite this, people are only seeking help for one in every four of the key financial events that they face.

Part of the problem is that for those who do seek help, as many as 40% feel that they don't get what they were looking for.

Whilst millions of people across the UK do benefit from the vital financial guidance and advice that is available – whether from MAS or other providers – clearly, much more is needed to ensure that the right help is available in the right place and at the right time.

This challenge is one of both **access** and **engagement,** and our aim is to work with the wider range of providers to take significant steps forward in both.

Improving access

For those who take the time to look for the help they need with their finances, it is vital that it is accessible, good-quality and effective. Sometimes it will be from MAS, and other times it will be from others. Building on much good work that has already been done to improve the standard of provision, we will continue to invest in improving our own services and where others seek our help, assist them to improve theirs.

Through our own website and contact centre, we reach more than 10 million people each year, almost half of whom are in our target segments of the 'financially struggling' or 'financially squeezed'. We will continue to improve the quality and effectiveness of our services, particularly focusing on what we believe to be the most important financial matters for these two segments.

We have begun the robust evaluation of our own online tools, applying the principles and tools that we have developed for use across the sector to understand what impact these tools have on customers' financial capability. We started with an evaluation of our **Budget Planner** and will publish the results on the **Evidence Hub** in Spring 2018. We will take the learnings from this evaluation to make targeted improvements to our tool so that customers who use it have a better chance of achieving their financial goals.

We will also make improvements to customer journeys for certain key life events, for example, going through a divorce or separation. Many people experiencing such events will also be parents, with children in the home, and so – working in coordination with our strategic aim focused on children and young people (chapter 5, see page 39) – we will explore the potential to achieve better outcomes for parents and children together.

Guiding people towards regulated advice can, at times, be the most appropriate next step. Our approach to this will continue and grow. For instance, we guide customers who call our contact centre to debt advice providers, if they are struggling under the weight of their debts. Our **Retirement Adviser Directory** is therefore a key service we will keep up to date so that customers can find regulated retirement advisers. Similarly, the most appropriate next step in a customer's journey may be to another guidance provider or a financial services firm. Where we believe this to be in the best interest of consumers, we will increase our level of signposting.

Investment in improving our own service needs to be balanced with helping other providers to improve theirs. Following on from our prior year commitment to support third-sector organisations to improve the reach and effectiveness of the digital money guidance they offer, such as sharing expertise in Search Engine Optimisation (SEO), we will continue to offer this support. We encourage third-sector providers to get in touch with us if they are able to make use of this support.

The continuation of the What Works Fund is a major way in which we are investing in other guidance and advice providers. In addition to the direct funding of vital services to different groups of people, the invaluable learnings that we will gain from these projects will be useful to a range of guidance providers. Combined with wider evidence, this will enable us to develop our understanding of what may or may not work, and why, so that we can focus our efforts on doing the things that are most likely to make a real difference to people's lives.

The landscape of provision is changing at increasing pace, as are consumer needs and preferences. It is therefore more important than ever that we find innovative ways to understand the market. Working with a specialist online consumer insights provider, we will continue to map and monitor consumers' online behaviours in seeking help across the different areas of their finances. These insights will help us to better understand the online market – where provision may be lacking and the areas where we need to prioritise our efforts. We will work with partners to explore how we can best share these insights with other providers.

Building engagement

The greatest service won't make a difference if people don't use it. And, unfortunately, we know that many people who need help don't seek it. In November 2017, we published our research into this challenge: **Right Place, Right Time – Helping people with their finances when they need it most**. This research explores the main reasons that so many people don't make use of the help and support available, and how this varies by the event that they are going through. The insights from this work will be crucial in enabling us and others to develop new interventions that increase our collective reach, by tackling specific barriers in specific contexts.

We think that our biggest opportunity to take a significant step forward is to focus on the 10% who recognised that they needed help but, for specific reasons, did not go on to seek it (highlighted in the diagram on the next page). There are two million people in the 'financially struggling' and 'financially squeezed' segments who fit these criteria.

The main reasons for these people not going on to seek help, despite recognising the need, were a lack of awareness or trust in what is available.

Whilst general awareness raising is important, we don't think this is enough.

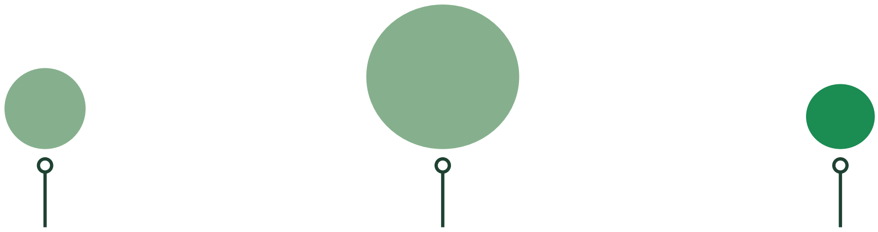
In the context of increasingly busy lives, messages need to be focused, timely and relevant. In some cases, this may require a targeted campaign, and in others it may need active outreach to extend a helping hand to people in difficult situations.

We will be using these insights to improve and evolve some of our own services and activities, particularly: distribution of our printed guides, syndication of digital content and tools to partner websites, and timely consumer engagement through the media and social channels. Each of these present opportunities to reach people who may not otherwise get the help they might need.

Taking this further, we will explore new partnerships to integrate financial guidance into other types of services. One idea, that emerged through our Financial Capability Lab partnership with the Behavioural Insights Team and Ipsos MORI, is to integrate signposting of financial guidance into the Government's bereavement information and support services. We know that, due to the overwhelming nature of the situation, people are unlikely to seek help with their finances during these times, despite there often being a need to. Using our insights on engagement barriers along with an understanding of behavioural economic factors, we have an opportunity to help many more of the hundreds of thousands of people, each year, who deal with the death of a loved one. This is just one example of using this research to home in on a particular life event and work with another guidance provider to improve engagement.

Did not seek help with the event they experienced

Sought help



Did not think there was a financial decision to be made	Thought they could manage the event themselves without any outside help or support	**Thought they needed some help or support, but didn't go on to seek any**
12%	**37%**	**10%**
Low perceived importance of the event (did not see it as a big decision)	**Confidence** (confident could handle event, often because had experienced event before)	**Lack of awareness** **(didn't know whether help/ support exists, who/how to contact, and whether it wouldbe affordable)** **Lack of trust** **(concerned over the quality, relevance and impartiality of any support/help)** **Low self-confidence** **(not confident would understand the help/support)**

Events listed as prompts to consider when help was or wasn't sought

General finances
– Thinking about general money management
– Making a major purchase (e.g. new car/home improvements)
– Having debts that were causing problems
– Having a lump sum of money to invest (e.g. inheritance)

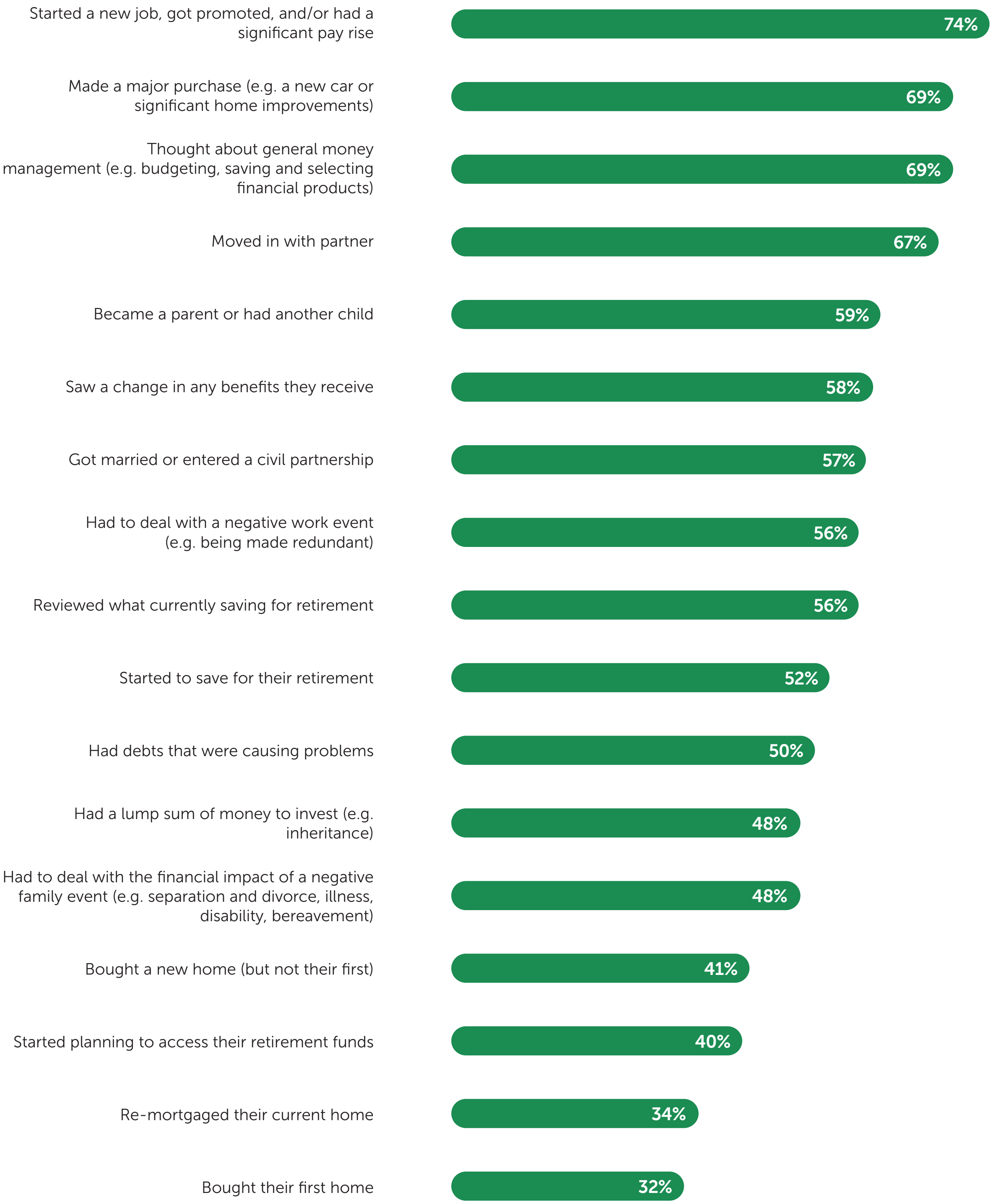
Work and benefits
– Starting a new job/got promoted/significant pay rise
– Seeing a change in benefits receive
– A negative work event (e.g. being made redundant)

Planning for retirement
– Reviewing how currently saving for retirement
– Start to save for retirement
– Starting planning to access retirement funds

Family
– Financial impact of a negative family event
– Moving in with partner
– Becoming a parent or had another child
– Getting married or entering a civil partnership

Home
– Buying first home
– Remortgaging current home
– Buying a new home (but not first)

People in the 'financially squeezed' segment who did not seek help – listed by life event



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;
- our telephone-based money guidance; 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: moneyadviceservice.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.

Focused investments in our guidance, alongside helping others

Our 2018/19 priorities for our guidance offer will be to make evidence-based and focused improvements to our services: website, contact centre and printed guides. We want to make them more relevant and effective for people in the 'financially struggling' and 'financially squeezed' segments, while continuing to serve demand from people in the 'financially cushioned' segment at a low cost-to-serve.

Our priority for working with other organisations will be to focus on: supporting providers who are best placed to reach certain groups of people; working together to co-develop new interventions that overcome engagement barriers; and building evidence of what works through completion of the What Works Fund projects and through wider evidence building.

These are small steps in a much longer and larger journey, that we anticipate the single financial guidance body will continue, to ensure those most in need can – and do – access good-quality, effective financial guidance and advice.

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.

Just as with our approach to working-age people set out in chapter 3, for the last two years we have been addressing the challenge of financial capability for children and young people by pursuing four parallel areas:

- **What is the need?**
- **Which solutions could work?**
- **Who can we influence?**
- **What should we fund?**

When all that is understood, we intend to set out a commissioning plan with the measures and outcomes it could achieve.

But there are several important complications when we consider children and young people:

- What parents do in the home is as important as, if not more important than, teachers.
- Nobody expects the money guidance levy to pay for teachers' salaries to deliver financial education.
- Education, and children's services more widely, are devolved in Northern Ireland, Scotland and Wales, so each country of the UK has its own policies and priorities.
- As in many other aspects of life, 'children' become 'adults' at different ages, and our goals for 'adults' and 'children' need to subtly blend. (A care leaver or young parent may be living independently, sometimes with little family support, before the age of 18; a very well-off student, by contrast may not receive their first pay packet until their mid-twenties.)

For these reasons, we expect that the commissioning plan we publish in autumn 2018 will have to be subtle, nimble and creative if it is to bring together these diverse impulses in a plan that will truly generate step-change in relation to a difficult problem. It will, of course, be aligned with commissioning activities proposed for young adults set out in chapter 3 (see page 29).

What is the need?

We have looked at need through three separate lenses.

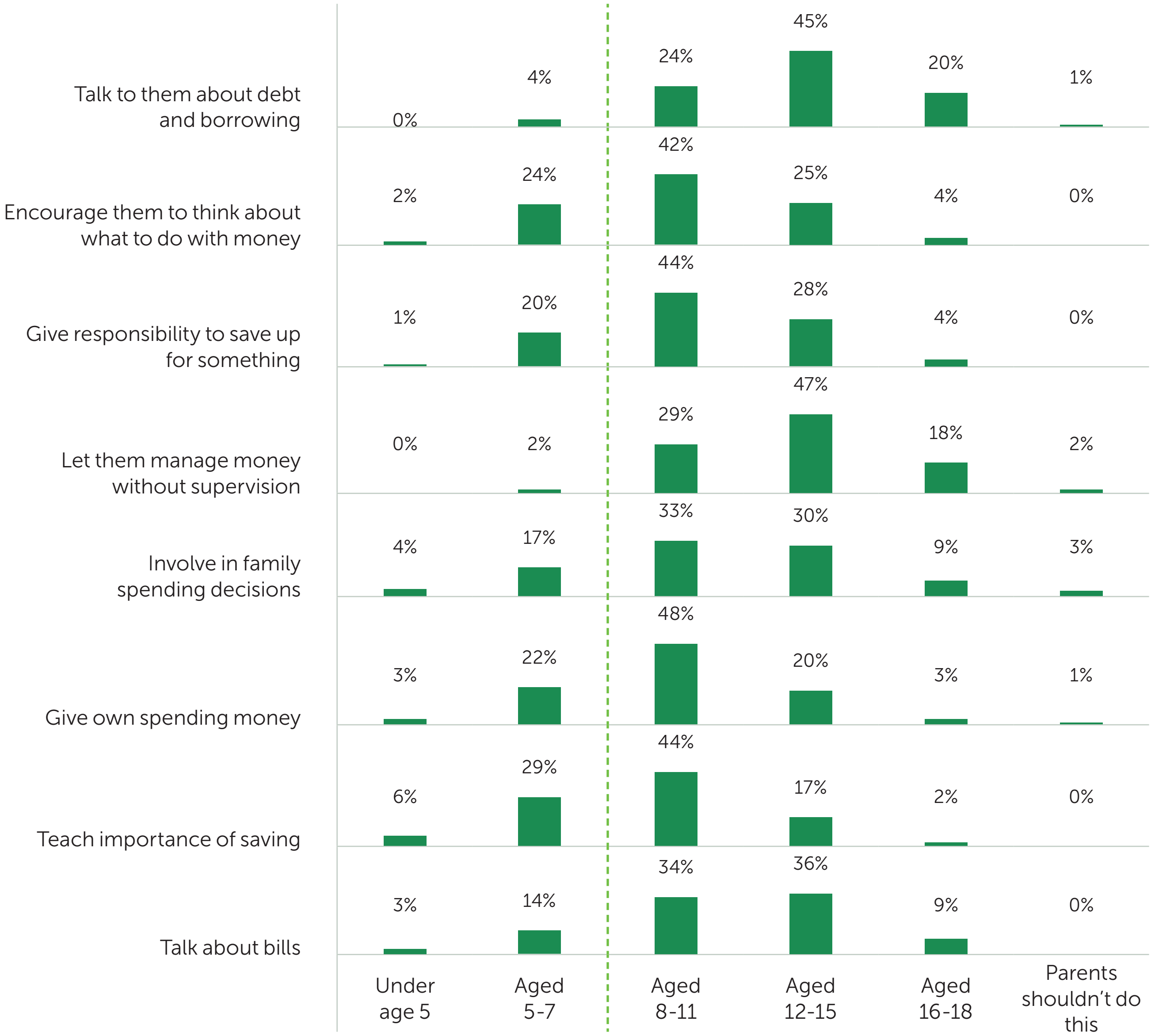
First we looked at children and young people (and their parents) overall. In March 2017 we published The Financial Capability of Children, Young People and their Parents in the UK. (Separate research reports are also available that look at the individual circumstances of children and young people in Northern Ireland, Scotland and Wales.) A total of 4,958 children and young people aged 4–17, and their parents, were interviewed for the UK-wide survey. The survey is a treasure-trove of information that we are still exploring, but some key UK headlines were:

- children did worse on a number of financial measures where parents decided for them how to spend their money;
- conversely, the survey underlined the importance of regular pocket money; children who received it did better on a number of measures; and
- only 40% of children aged 7–17 said they had learned about managing money at school or college.

Separately, we have been tracking a cohort of 15- to 17-year-olds for three years to examine their transition to adulthood. We will have the results of this, which should provide valuable lessons about the complex money transitions during this year, in 2018.

Second, we conducted analysis of the 1970 British Cohort Study and uncovered that childhood skills from as young as the age of 5 predicted adult financial outcomes decades later, even after controlling for factors such as household income, highest level of educational attainment, and employment. The ages of 5–10 were a particular turning point. This piece of work provides us with useful insight on how best to target those most in need.

Parents as a key influence on children's financial capability – results from Wales



In November 2017, we published our detailed analyses of children's financial capability in Northern Ireland, Scotland and Wales. This graphic shows Welsh parents' thinking about when it is appropriate to talk to their children about certain money topics. The most common period that parents think they should begin addressing these money matters is between the ages of 8 and 11, and in certain cases, 12–15. Our evidence suggests parents need to be comfortable starting much earlier, and our commissioning plan will need to influence parents in the home as well as school and community settings.

Third, we looked at the particular needs of vulnerable children and young people through a literature review. Vulnerability comes in many different forms, but the needs of children and young people who are carers, or who are/have been in the care of local authorities, seemed particularly noteworthy.

We are combining all three strands of insight into a statement of needs that will identify the targets our commissioning plan needs to address.

Aligned with this work, we are in the process of mapping provision across the sector to give us much deeper understanding of what is being delivered where, to whom, how it is funded, evaluated, and how many are reached. We want to know in much more detail what is happening in schools too, and so fieldwork will start in 2018 to survey how well schools in England are supporting 11- to 18-year-olds to develop their money skills for life. And building on this we have developed a basket of measures that when tracked together, will help us to reach an overall view of progress against our Theory of Change. Some or all of these measures will become outcomes indicators for the commissioning plan that we will publish in autumn 2018.

Which solutions could work?

Our What Works activity to find out what could work for children and young people has two main strands.

We have been conducting two very large randomised control trials that take place over a long time period. These are our two larger investments for children and young people, and they both continue into 2018/19:

- **Talk, Learn, Do** has been introducing parents and children to lively, experiential financial education in a large-scale pilot in Wales. All across Wales, parents who were taking part in existing parenting classes received an extra two-hour module that supported them to talk to their children about money. It was part-funded by the Money Advice Service and partly by Big Lottery Wales. It proved to be a popular module with both parents and practitioners. So although final results are not due until summer 2018, on the basis of the enthusiastic response from participants and delivery staff, we are hopeful that the final evidence will highlight 'Talk, Learn, Do' as an exemplar for future delivery and we will consider how to take the findings forward in 2018/19 .
- **Maths in Context,** which we co-funded with the Education Endowment Foundation and is delivered by Young Money, involves training maths teachers in England to use real-world contexts when teaching GCSE maths, especially using examples related to personal finance. The aim is to make maths more accessible, engaging, and relevant to real life, while also preparing students for the types of questions they might face in exams – and simultaneously improving their financial education. Delivery began in September 2017 and results are expected in 2020.

At the same time as these larger investments, we have also made a series of smaller investments, by funding 26 valuable and innovative smaller projects (12 for children and young people below school leaving age, and 14 for young adults) for children, young people, and young adults through the What Works Fund.

Like other What Works Fund projects, we expect these to deliver evidence by the middle of 2018. The findings of these projects will feed into a wider review of the domestic and international evidence base of what works for financial education. As with our approach described in chapter 3 (see page 29), which includes consideration of interventions targeted at young adults, we will digest the results of these and consider which we might be able to scale and extend, and which could attract funding from organisations other than the Money Advice Service.

Who can we influence?

The third stream of work that we intend to continue and enhance in 2018/19, and crystallise in the commissioning plan, is working with and through others. We have a high dependency on teachers, community groups, local authorities and a host of other organisations.

Our priorities in 2018/19 will be to:

- communicate to funders and providers the results of the What Works Fund;
- design a plan to communicate the benefits and business case for financial education to teachers. This is a long-term activity, especially in view of the fact that we won't know the results of Maths in Context until 2020;
- fund and coordinate the Scottish Financial Education Forum, which allows us to exchange evidence and ideas with a range of interested stakeholders; and more generally better understand the policies and priorities of the devolved administrations with regard to financial education;
- work with some exemplar local authorities who, as statutory parents or with responsibility for foster-care and adoption services, want to improve the financial education they offer to children and young people for which they have a statutory duty of care; and
- continue to fund the Young Money (formerly Pfeg) Quality Mark, that signals quality-controlled financial education resources, relevant to England, that are evaluated for their effectiveness.

An invitation to co-fund

Our commissioning plan for children and young people will aim to coordinate the impact and effectiveness of multiple funders.

To make our plan as effective as possible, we are interested in entering into discussions with private sector foundations, corporate social responsibility arms of private businesses, and public sector funders about how we can work together to improve the money management skills of a generation of children and young people.

If you would like to discuss these matters with us, you are welcome to respond as part of your consultation response to this plan or simply contact co-funding@moneyadviceservice.org.uk.

Funding versus influencing

At the heart of the commissioning plan we publish in autumn 2018 will be striking a difficult balance. We need to set out exactly what we think should be funded by the money guidance levy.

On the one hand, we expect that we will need to continue to generate evidence and business cases. These will be needed to persuade many organisations and bodies to make evidence-driven financial education for children and young people a priority. And to reach them we will have to invest in constant communication.

On the other hand, we believe that without tactical use of significant delivery funding, the rate of change across the sector will be too much too slow.

Given the scale of the challenge, we suggest that the funding for external commissioning (ie funding flowing to external organisations for delivery) in the first three years covered by the commissioning plan should start in the very low millions, to prove that delivery at scale can have an impact.

Chapter 6: Measuring our impact

In this chapter we propose a draft framework of performance indicators that include the long-term, the medium-term, and indicators for 2018/19.

The long-term indicators are the Money Advice Service's view of how we can measure fundamental shifts in financial capability that are genuine outcomes for people in the UK population and therefore set strategic goals.

We have chosen six measures because we want the list to be short enough to provide strategic focus and for it to be easy to remember.

The variety we could choose to add to the list is almost endless. This means that we anticipate debate over which six we have chosen. We look forward to your responses.

The six measures represent changes that it is quite impossible for the Money Advice Service to achieve on its own, but nonetheless MAS *can* have a significant influence over. They can be achieved with the involvement of a very large number of partners in the Financial Capability Strategy for the UK, and over the long term. However, they don't cover all age groups or parts of the population that the Financial Capability Strategy for the UK could cover. This is why the Financial Capability Board are leading the development of an overarching set of metrics that the UK Strategy will aim to achieve. We see the outcome measures on the following pages as an important contributor to the debated about the overarching UK Strategy goals.

It is also possible that these measures will be affected by macro-economic changes. However, we have picked them carefully to make them as immune as we can from this influence.

At present, we only know the baseline figures for some of the six measures, and we do not yet propose the amount of change that we think is achievable. It is our proposal that we would determine both during 2018/19. The flagship commissioning plans we will publish next year will play a crucial role in our thinking.

2018/19	2019–2022
Commitments, and measures of efficiency and effectiveness	**Medium-term indicators of change**

1. We will review the progress to date of the Financial Capability Strategy for the UK and update it based on the latest evidence and plans.
2. We will enable and encourage more of the IMPACT Principles signatories to use or share evidence.
3. For all What Works Fund projects that deliver in 2018/19, we will place the results on the Evidence Hub, support the learning and sharing plan, and publicise the evidence through a nationally coordinated programme of communications to funders, practitioners and policy-makers.
4. We will ensure that 70% of peer review[5] assessments of our funded debt advice sessions are graded in the top two grades of the four-point quality scale.
5. We will provide funding that will help up to 520,000 people access debt advice.
6. We will complete a tendering process for funding new debt advice agreements in London and the North-West of England embodying the six commissioning intentions of our debt commissioning strategy.
7. We will publish a numerically-based plan that sets out how repeat use of debt advice could be expected to shrink, and for which segments of debt advice recipients.
8. Across the whole debt advice sector, 90% of clients receiving debt advice will access it through organisations that use the Standard Financial Statement.
9. We will publish a commissioning plan focused on the needs of working-age people aged 18–54 primarily in the 'financially struggling' and 'financially squeezed' segments, to help them plan, budget and build savings.
10. We will directly provide money guidance to 10.8m people, of which 3.9m will be from the 'financially struggling' and 'financially squeezed' segments.
11. We will maintain at or above 85% the percentage of customers who say they received the information they required when they used our telephone and digital services.
12. We will leverage other guidance providers to act on the evidence from the 'Right Place, Right Time' research.
13. We will publish a commissioning plan addressing the financial capability needs of children and young people at home, in school, and in community settings.
14. We will reduce the ratio of MAS back-office costs to front-office delivery to below 9%:91%.
15. We will maintain staff engagement above 83%.
16. We will aim for staff turnover not to exceed one in five people up to the point of transition (bearing in mind a recognised industry norm is one in six).
17. We will deliver our 2018/19 Business Plan within the range of 97%–100% of budget

We are not proposing the medium-term indicators at this time. They are work we would complete in 2018/19, particularly as part of our commissioning plans, and propose to the SFGB. However, they would almost certainly include rises in the numbers of both adults and children who experience evidence-based interventions to improve their financial capability.

5 Everywhere in the UK except Scotland, where the nature of the debt advice we fund means that the peer review process is not applicable. Because we need to introduce changes to drive improvements in quality before we measure those improvements, the measurement period to fulfil the target of 70% will be between October 2018 and March 2019.

2022–2025

Six long-term impact measures

A. A rise in the percentage of 'financially struggling' and 'financially squeezed' working-age adults who access guidance and advice.	**Why we think it is a valuable measure** All our research points to confidence as a key building-block of financial capability but a confidence measure alone would not help us because some consumers are over-confident and others under-confident. Accessing guidance and advice builds financial confidence and also corrects financial over-confidence.	**Limitations and considerations** This includes access to debt advice. We could include the 'financially cushioned' in this measure but we think we should focus on those most in need. Although the measure does not include quality, we expect that one of our medium-term indicators of change would focus on improvements in the quality of guidance.
B. A rise in the percentage of adults who need debt advice that receive it.	**Why we think it is a valuable measure** Many people don't access debt advice until it's too late. This impact measure encourages all debt advice organisations to reach out earlier, and encourages MAS to consider overall questions of supply and demand.	**Limitations and considerations** More than 8m people are over-indebted but the number who we are certain *should* access debt advice is smaller. There are numerous ways of calculating this that point towards a figure of 2–3m people. We will agree on the best way of running the calculation as a baseline. Although the measure does not include quality, we expect that one of our medium-term indicators of change would continue our focus on improvements in the quality of debt advice.
C. A fall in the percentage of adults who receive debt advice and return within one year.	**Why we think it is a valuable measure** By measuring this, we will have a better grip on customer journeys from one debt advice provider to another. And if we can improve it, then this means debt advice is focusing on clients' individual circumstances and building resilience wherever possible.	**Limitations and considerations** We recognise that the goal for this measure can never be zero. There will always be people who need to return to debt advice because circumstances beyond their control necessitate it.
D. A fall in the proportion of the income of 'financially struggling' and 'financially squeezed' adults spent on servicing interest on their unsecured debts.	**Why we think it is a valuable measure** A number of different research reports point to management and planning of credit as a key financial capability.	**Limitations and considerations** This is a measure that will need careful planning to capture evidence from objective sources.
E. A rise in the percentage of 'financially struggling' and 'financially squeezed' adults who build their savings every month.	**Why we think it is a valuable measure** A consistent saving habit, no matter how small the amount, is a lead indicator for other important measures of financial capability. Some, but not all, of these people will acquire a savings buffer that will protect them from financial shocks.	**Limitations and considerations** We could include the 'financially cushioned' in this measure but we believe we should focus on those most in need.
F. A rise in the percentage of children and young people who receive financial education that works.	**Why we think it is a valuable measure** It is consistent with the currently agreed goal of the Children and Young People stakeholders working on the UK Strategy.	**Limitations and considerations** We will need to find a way of combining multiple sources of evidence: children's recall of financial education; the supply of interventions; and, for effectiveness, population-level change. (We may discover these cannot be meaningfully combined in a single measure.)

Chapter 7: Our budget and resources in 2018/19

This chapter provides a breakdown of the total Money Advice Service budget for 2018/19, and a comparison against the 2017/18 budget. Our money guidance and debt advice are funded by separate levies on the financial services industry; we therefore prepare separate budgets for each.

	2017/18	2018/19	2018/19 variance
Money guidance budget	£27m	**£27.2m**	**+£0.2m**
Debt advice budget	£48m	**£56.3m**	**+£8.3m**
Total Money Advice Service budget	£75m	**£83.5m***	**+£8.5m***

**of which £0.5m are one-off costs for transition to the single financial guidance body. For our approach to transition, see page 50 below.*

Money guidance budget	2017/18		2018/19		For aim 2, see debt advice budget overleaf			
	Business Plan (£000)	2018/19 Variance (£000)	Business Plan (£000)	Central costs & overheads (£000)	Aim 1 (£000)	Aim 3 (£000)	Aim 4 (£000)	Aim 5 (£000)
Thought leadership								
Thought leadership	1,724	**-48**	**1,676**	–	749	278	442	207
Total: thought leadership	1,724	**-48**	**1,676**	**–**	**749**	**278**	**442**	**207**
What Works								
Piloting interventions	8,145	**-875**	**7,270**	–	4,325	478	836	1,631
Evidence & evaluation	2,550	**-522**	**2,028**	–	1,187	275	220	346
Total: What Works	10,695	**-1,397**	**9,298**	**–**	**5,512**	**753**	**1,056**	**1,977**
Delivering through others								
Co-ordination	1,336	**-637**	**699**	–	281	–	100	318
Commissioning	115	**-15**	**100**	–	–	100	–	–
Total: Delivering through others	1,451	**-652**	**799**	**–**	**281**	**100**	**100**	**318**
Customer engagement								
Offline services	1,381	**+283**	**1,664**	–	–	–	1,664	–
Digital and website	3,870	**+504**	**4,374**	–	–	675	3,699	–
Printed guides	500	**–**	**500**	–	–	–	500	–
Total: Customer engagement	5,751	**+787**	**6,538**	**–**	**–**	**675**	**5,863**	**–**
Total: corporate communications	989	**+513**	**1,502**	1,502	–	–	–	–
Total: support services (see note 1)	5,291	**+842**	**6,133**	6,133	–	–	–	–
Total: board and executive leadership	1,099	**-45**	**1,054**	1,054	–	–	–	–
Money guidance delivery total (see note 2)	27,000	-	**27,000**	**8,689**	**6,542**	**1,806**	**7,461**	**2,502**

***Note 1:** The increase in support services costs in 2018/19 compared to 2017/18 reflects the following principal cost areas: change management to comply with the General Data Protection Regulation; analysis work required to support the changing base for levy collection; change management to improve compliance with the Public Sector Equality Duty (all one-off costs); a new IT role; and increases in business rates.*

***Note 2:** An extra £0.2m is then added to the money guidance budget to support transition costs (see page 50 below for details of our transition planning), bringing the total money guidance budget to £27.2m.*

Aim 2: Debt Advice budget	Budget 2017/18	**Budget 2018/19**	Variance 2018/19	Notes on variances
We have restated the 2017/18 debt advice budget figures to reflect operational changes that have occurred since we published the 2017/18 Business Plan. The budget total amount remains the same, the changes relate to movements between activities.				
	(£000)	**(£000)**	(£000)	
Frontline delivery, quality and commissioning				
England, Northern Ireland, Scotland and Wales	42,235	**41,337**	-898	The Debt Commissioning Strategy implementation includes co-design in London and the North-West, tests to validate our approach before rollout, and the development of the new funding agreements (see chapter 2, page 27).
Implementation of Debt Commissioning Strategy	0	**677**	+677	
Additional funding for up to 90,000 sessions	0	**7,000**	+7,000	This additional funding for debt advice sessions and quality will be reviewed and confirmed in the light of findings from the Independent Review of Debt Advice Funding.
Additional funding for quality improvements	0	**1,000**	+1,000	
Continuation of existing quality initiatives	2,398	**2,499**	+101	This includes £1.8m of external costs and £0.5m of staff costs.
Support for frontline services	462	**462**	0	
Total: frontline delivery, quality and commissioning	45,095	**52,975**	+7,880	
Total: policy and research	1,202	**1,225**	+23	
Total: co-ordination	900	**997**	+97	
Total: central costs and overheads	803	**803**	0	
Debt advice delivery total (see note 1 below)	48,000	**56,000**	**+8,000**	

Note 1: An extra £0.3m is then added to the debt advice budget to support transition costs (see overleaf for details of our transition planning), bringing the total debt advice budget to £56.3m.

MAS corporate services

Corporate services is a diverse group of teams and people united by a common goal to support MAS in achieving its objectives by providing quality, consistent and compliant information and services. The breadth of service delivery covers people, process and infrastructure. While some of the corporate services activities are governed by legal and regulatory frameworks the team also supports organisational initiatives both planned and as they emerge. Key initiatives for next year include:

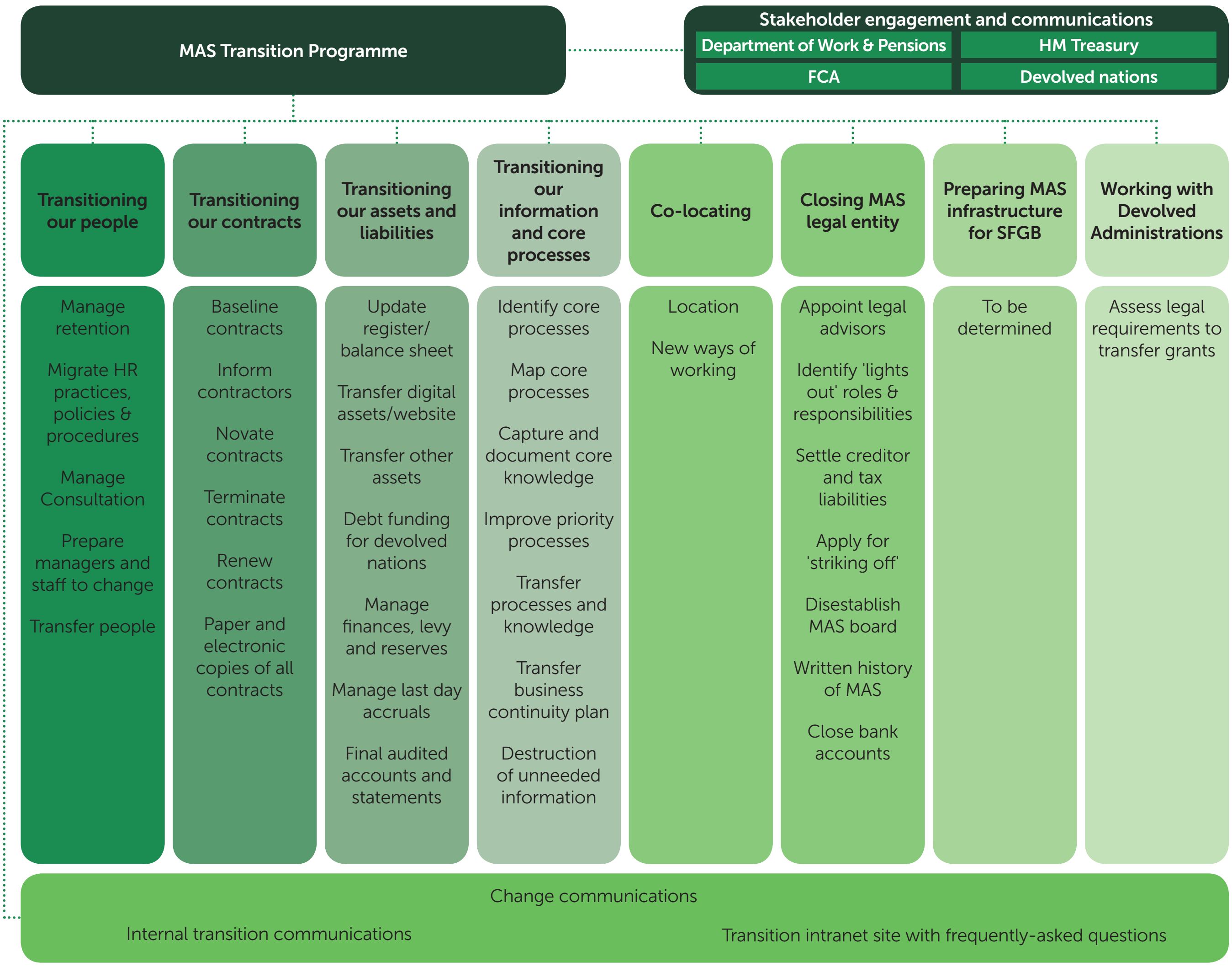
- **People focus:** we will enhance our leadership capability through our ongoing Leadership Programme; strengthen line management skills through a new Line Manager Training Programme; and embed a strong performance management culture by providing training, guidance and tools for people managers and staff to draw upon. We also plan to continue our staff engagement by making MAS 'a great place to work'.
- **Process focus:** we will continuously improve what we do. Enhancing our service delivery is based upon understanding what we do and recognising opportunities to fine-tune the way that we work together. Key areas for progress in 2018/19 will be refining our core process mapping and supporting all areas within MAS to do the same. Our relaunched knowledge management programme trialled in corporate services will be embedded within MAS to leverage the organisational knowledge ready for transfer to the single financial guidance body (SFGB).
- **Efficiency and effectiveness focus:** our continuous improvement ethos challenges us to examine how we deliver better, more cost-effective services to our internal customers. We will introduce metrics that will help measure what we are delivering, our areas for improvement and what to expect from us. A strong value for money ethos is the underlying theme. We will continue our focus working internally with departments and externally with suppliers to maximise the value we obtain from our human and financial resources. Programme and resource planning initiatives introduced this year will be embedded in the approach MAS takes to strategic and operational planning.
- **Legal and regulatory focus:** corporate service activities are designed to safeguard our staff, MAS and our stakeholders by making sure we adhere to legal requirements. We will continue to move forward with data management improvements and General Data Protection Regulation compliance. Our commercial team will build upon our commissioning and contractor management approaches. The governance team is actively involved in supporting business-as-usual activities as well as preparing for the changes needed for the SFGB. The Public Sector Equality Duty will continue to be supported by our human resources and programme support team to ensure deeper and wider adoption by the business at large and in our business partners.

Transition to the SFGB

In autumn 2018, subject to parliamentary process, we expect the statutory functions of MAS will be transferred to the single financial guidance body, along with The Pensions Advisory Service and Pension Wise. Based on our current assumptions (which could change as we receive more information as a result of the parliamentary process) MAS has made provision of £0.5m to fund transition projects and professional and legal fees to support the transfer of staff, information, knowledge, processes, assets and liabilities, as well as closing MAS as a legal entity.

Our transition programme structure is given in the diagram below.

MAS Transition Programme Structure



An invitation to co-fund

We are interested in entering into discussions with private sector foundations, corporate social responsibility arms of private businesses, and public sector funders about how we can work together to improve the money management skills of a generation of children and young people, and working-age people.

If you would like to discuss this with us, you are welcome to respond as part of your consultation response to this plan or simply contact co-funding@moneyadviceservice.org.uk

the Money Advice Service

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