

Telephone: 020 7066 9346
Email: enquiries@fs-cp.org.uk

businessplan@moneyadvice.service.org.uk

6 February 2017

Dear Caroline,

Consultation on the Money Advice Service's 2017/2018 Business Plan

This is the Financial Services Consumer Panel's response to the Money Advice Service's (MAS) business plan consultation.

The Panel appreciated the opportunity to discuss the outline of the business plan with MAS in December 2016. Please find our responses to the questions in the consultation below.

Delivering Corporate Strategy

1. Do you have any comments on the analysis of customer needs that underpins our Corporate Strategy?

The segmentation model is good, and we support MAS's gap analysis in general terms. However, it is too high level to guide the provision of support for people who objectively need it, for example if they can't read a bank statement, but do not seek help.

It may be the case that for these 'hard to reach groups', some use of marketing is needed to encourage individuals to make use of the help that is available. The output of the Financial Advice Working Group,¹ which, among other things, is looking at rules of thumb and nudges, might be helpful here.

Of the delivery gaps you mention, by far the most important seems to be "more people budgeting and saving": the others are simply a means to that end. As we have said many times before, we do not believe that it is MAS's job to encourage saving, so would much prefer the gap was defined as 'budgeting and planning for the future'.

2. Do you have any comments on the approaches we have chosen to meeting the different needs we have identified?

We can see the sense in MAS gearing up its resources by coordinating private sector and non-profit organisations' delivery. However, the governance of the Financial Capability Strategy blurs accountability. The "what works" framework should apply to MAS's own delivery mechanisms as much as to the evaluation of discrete external projects.

We would also urge a greater emphasis on targets and metrics. While the draft Business Plan is strong on the detail of MAS's proposed plans, it is less strong on explaining *why* a particular approach is being adopted. Similarly, there is a lack of precision about precisely *what* will be achieved on the ground from the approach that you plan to take. What will success look like and what is a reasonable time frame to achieve that success for each of the priority activities you lay out?

¹ <https://www.fca.org.uk/news/news-stories/financial-advice-working-group-established>

On debt advice, it is not clear how MAS's quality framework provides better assurance than FCA authorisation. Failure even to mention the regulation of debt advice agencies, and the likely impact on quality, is a serious omission and makes MAS look out of touch.

Aims 1–5: programme of work for 2017/18

3. Given the intent and scope of our aims, what are your comments on the activities and priorities for April 2017–March 2018 we have set out in the individual chapters covering each aim?

Aim 1 describes process, not a desired outcome. MAS should have an aim of improving financial capability, in line with its statutory objective. Like last year, the plan does not say what MAS would do if a partner withdrew citing incompatibility with shareholder priorities or it became clear that a partner was only paying lip service. This section should also include an analysis of what is working well, what is unrealistic, and what needs more effort e.g. what was achieved in the last year that was tangible?

The governance for the Debt Advice Strategy in **Aim 2** is unclear as the consultation says the sector will lead, own and sign up to it. This aim is also vague about what the Strategy means that the commitment to "resource at least three collaborative programmes" is currently unclear. This aim could be improved by a commitment to do something that has measurable impact, for example.

We believe that MAS should have the flexibility to commission or deliver debt advice, depending on what is the most cost effective.

The output of the Financial Advice Working Group (FAWG), which should be published around the end of March, should also feed into this work in due course.

The main issue for the first part of **Aim 3** is that there will be "hard to reach" people who are most at risk from income shocks. It is unclear how MAS will get their attention.

The second part, which relates to more people saving, is not linked to MAS's statutory objectives. We agree that, for many people in many situations, saving is a good thing. But having savings is not an indicator of financial capability. While there may be benefits to coordinating campaigns around the benefits of saving, for all income groups, MAS's business planning documentation should be clear how this helps to achieve financial capability, rather than saving for its own sake.

Aim 4 seems sensible and well thought through. We welcome mention of the need to understand evidence of how best to engage people who don't seek help. This should also say what, in precise terms, needs to be done to achieve demonstrable impact for this group.

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

Not directly, but would urge MAS to continue to communicate with the FCA's analysis teams with the aim of building a common segmentation analysis.

Measuring impact

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

Very few of the KPIs are outcome focussed. Others are insufficiently precise to be able to make a determination in a year's time as to whether the organisation has been successful in achieving them. There is no assessment of whether the impact measures in last year's business plan were achieved. It would be useful to have an additional column in this section that is headed: "how will know if this has been achieved?", and a clear reconciliation with MAS's statutory objectives.

8. Are there any other ways we should measure our effectiveness?

Yes. There should be indicators that are based on actual outcomes in each market segment e.g. numbers in the "squeezed" section that have a household budget etc. Without that, none of this is real.

Questions about the plan overall

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

It is well written and feels more confident than last year's. In particular, perhaps due to greater clarity around the government's intentions, it is more robust on the direct delivery sections. However it needs to guard against undue emphasis on "soft" delivery channels, and talking about process rather than outcomes. Hopefully as the evidence builds of what works, this can change over time.

Sincerely,

Sue Lewis
Chair, Financial Services Consumer Panel