



The Money Charity's response to The MAS Business Plan 2017/18

The Money Charity is the UK's leading financial capability charity.

We believe that being on top of your money means you are more in control of your life, your finances and your debts, reducing stress and hardship, and that this helps you achieve your goals and live a happier more positive life.

So we empower people across the UK to build the skills, knowledge, attitudes and behaviours, to make the most of their money throughout their lives.

We believe financially capable people are on top of and make the most of their money in five key areas:

- Planning (including budgeting)
- Saving
- Debt
- Financial services products
- Everyday money (including wages, cash, bank accounts)

The **MONEY** *Charity*

Key Points

MAS has been through a lot of change

1. This has not been an easy year for the Money Advice Service. The uncertainty about the future which comes with being replaced would have happened anyway, but has been doubled by The Government's changing choices. To first pursue two bodies who would solely deliver through others, then to announce a single body with a mixed model of delivery has placed MAS staff in an unenviable position of preparing for an unclear future. We have every sympathy with MAS staff and leadership and welcome this credible business plan which seeks, sincerely, to make the best of that difficult situation.

We hope that the What Works Fund will leave the successor body equipped to make good commissioning decisions

2. The one thing that has been apparent since the scrapping of MAS was announced last year is that the new body/bodies commission at least some of the services they provide: *'delivering through others'*. In order to make that a success, MAS has to leave the successor organisation with the best possible evidence base from which to make good commissioning decisions. We hope that WWF will provide this.

The pull of funds towards debt services leaves financial capability undervalued

3. Since taking on a role delivering debt advice. The Money Advice Service has year after year seen a shift of funds away from financial capability and towards debt advice. It's not difficult to guess why this is the case – debt advice has measurable outcomes and is significantly higher on the political agenda – but it is never acknowledged or justified beyond pluses and minuses in the resource summary. Dealing with problem debt is just one (albeit important) part of managing your finances, but this repeated budgetary change means that nearly two thirds of the budget is spent on debt. More if you take into account the £7 million taken entirely from the financial capability budget that goes on support services and the executive.
4. It's hard to escape the conclusions that the Money Advice Service is becoming a debt advice commissioner with a few nice side projects in guidance and financial education and a website with a few tools. The MAS objectives are to:
 - *enhance the understanding and knowledge of members of the public of financial matters (including the UK financial system); and*
 - *enhance the ability of members of the public to manage their own financial affairs.*
5. While managing problem debt is clearly a very important component of managing your money and a good in itself, it should not be the central effort of MAS. All the preventative and capability building work that it would need to do to genuinely meet its objective is in danger of being relegated. We understand the pressures that MAS faces to direct funding towards debt, but believe it ought to be much more strident in arguing that pouring ever

more money into debt without building wider financial capability is an inefficient use of resources and does not meet MAS' objectives.

MAS objectives (other than Debt Advice) lack substance beyond the What works Fund

6. In the here and now, MAS has a wide set of objectives around building financial capability in the UK to meet, beyond debt advice. In many of these areas, there is not a great deal of substance beyond What Works Funding. Some ongoing work such as the website tools and the contact centre go some way to meeting these ends, but with so little funding for financial capability beyond WWF (£9.3 million of which £4 million is the website), there is not much of a programme beyond WWF to point to as a success.
7. We understand how MAS found itself in this position, but it's a dangerous place to be. For stakeholders including decision makers in government to conclude that a financial capability body is working and should be supported, there need to be ongoing valuable work to point to. If this does not exist, this leaves the business plan heavily dependent on the success of the What Works Fund.
8. When an organisation has five seemingly equal objectives, you would expect there to be a relatively equal amount of funding for each of those aims. But MAS spends £48 million on debt advice and just £2.3 million on budgeting and saving. There is probably an argument that debt needs a disproportionate share of the resources, but we do not believe that this ratio is justified. If this is something that MAS is going to do, it should explain the disparity.
9. As stated, we are fully in support of MAS' efforts to find out "*what works?*" in financial capability services. The successor body needs to have the evidence from which it can make evidence based commissioning decisions.
10. However, it is clear that a huge amount is riding on the outcomes and evidence that this programme produces. We hope that this positive outcome transpires, but MAS ought to plan for the possibility that the relative evidence for different interventions does not support a clear and bold round of commissioning. It's quite likely that findings will be marginal and tentative, requiring more work.
11. Not least because a large proportion of WWF funding goes to evaluation, an effective and efficient commissioning strategy must at some point involve procuring services without it being a trial.
12. We respond to the Business plan chapter by chapter below.

Chapter 1: delivering through others

13. We were excited last year when MAS adapted its model to match that of the proposed successor organisations – commissioning financial capability services, rather than doing everything in-house. Although we continue to support an element of in-house delivery

where suitable, from MyBNK and The Money Charity to Toynbee Hall and community groups across the country, a huge amount of expertise is out there and will be strengthened by financial support from a coordinating body.

14. The addition of this commissioning to the Financial Capability Strategy has been necessary for some time. The Fin Cap Strategy has given organisations like us who work in the sector some real advantages:
 - Research and resources to help inform our work and make our case to funders and the public
 - Networking events such as Financial Capability Week which create connections and make the sector feel more coherent.
 - IMPACT principles have been useful to some organisations in creating evidence for what they do.

15. However, the strategy is not led or directed as strongly as the sector requires. The reality of operating as an organisation like ours is that we spend a lot of our time looking for funding. As vital as it is in people's lives, Financial Capability will never be as glamorous as any number of other causes and will rely on the generosity of a few engaged individuals, funds, the industry, *and* grants from government and quangos. The fact that commissioning money has been missing from the strategy, and that MAS has been unwilling to use its funds to shape what the sector does, has limited its impact.

16. Commissioning and direction from a body like MAS will do far more than simply increasing the funding in the sector. If reliable funding streams are available from an engaged funder that sees it as its job to lead the sector strategically, that funder can shape the work those organisations do over the long term.

17. Though the work is far from where it needs to be¹, one of the areas of delivery where the most work is going on is financial education in schools. There are excellent justifications for why this *should* be the case, but if we are honest about why this *actually is* the largest element of The Money Charity's work, it is because it's the area of financial capability where the door is widest open. Many schools are looking for ways to deliver financial education, so it's relatively easy to find an audience, and compared to work with adults, funding is easier to come by.

18. If, for instance, the Money Advice Service chooses to focus on workplace financial capability programmes for a period, and put money behind that, organisations like ours would grow their capacity in this area. Programmes and expertise would develop. Over time, this work would institutionalise and be able to prove its own worth and compete for alternative sources of funding. But it's very difficult to make any of this happen without a solid backing for a committed leader in the sector.

¹ http://themoneycharity.org.uk/financial_education_schools/

19. Our hope is that, with the results of what works and a commissioning model in place, the new body will take this kind of leadership role.

Chapter 2: debt advice

20. The debt advice sector does vital work and must be supported to help those in problem debt or at risk of it. Working with adults on their financial capability, we regularly refer people to these vital services, and we're grateful to the role MAS funded organisations and others play in providing advice for free. This could not happen without funding from MAS.
21. The work being done by MAS and these organisations to ensure that people seek advice earlier is also very welcome.
22. However, the shift of £3 million from financial capability to debt advice has not been justified here. MAS now spends £2 on debt advice for every £1 it spends on a whole raft of other financial capability services.
23. From a consumer's point of view, the best way to tackle debt early is to help build financial capability. A person who can budget and who knows what credit products work best for them can avoid falling into problem debt altogether. For his reason, debt advice ought to be just one (very important) pillar of a body that works to '*enhance the ability of members of the public to manage their own financial affairs.*' Instead, commissioning debt advice has gradually become the central component of what MAS does, with some smaller financial capability side projects.
24. Providing debt advice is an urgent need, that requires significant resources, but if money siphons out of one part of the MAS budget and into another year after year, it ought to at least be explained why this is happening. We can intuit that political pressure and the relatively clear, measurable outcomes for debt advice make it an enticing area to plough resources into. But a body tasked with improving financial capability more generally should make the case for other, more preventative capability building services – even when the immediate needs seems lesser and outcomes are more diffuse and more difficult to measure.

Chapter 3: more people budgeting and saving

25. We understand the need for MAS to respond to political mood music and that with finite resources it makes sense to focus on specific interventions for "*struggling*" and "*squeezed*" segments of the population. From the aspirations outlined for the WWF projects in this chapter, we are hopeful that these commissioned projects will find interventions that can be carried forward by the successor body.
26. That said, budgeting and saving should really be a component of an existing MAS work stream – guidance and advice. Instead of creating a new silo within MAS for budgeting and saving, this work should be treated as an important element of the guidance work. We

recognise that this may just be presentational in the business plan, but it's important that these two aims not be seen as separate when they are part and parcel from the point of view of consumers.

Chapter 4: improving access to guidance and advice

27. This is one of those areas that is heavily dependent on the WWF projects. There is little detail yet to comment on, but we welcome and support those projects in this area.
28. Both in this business plan and in the two consultations on MAS' replacement, there has been a focus on '*filling the gaps*' in financial capability. As we have argued elsewhere², the major gap in public financial guidance is not in the provision of guidance on a certain topic somewhere, but for consumers with ill-defined general financial needs, who do not have a specific product in mind.
29. A helpful analogy is a high street versus a supermarket. If you were to look at a town with a butcher, grocer, fishmonger, hardware store etc, there may not be any 'gap' in so far as everything that consumers want would be available somewhere. If a consumer knows exactly what they want and which shops to go to, they are perfectly well provided for. However, if their needs are not strictly defined, they don't know precisely what they are looking for, or they find it difficult to access certain channels of guidance, the 'gap' in the market is a single place where they can go, browse and get everything they might need.
30. The ongoing commitment to the website, printed guides and offline services will continue to meet some of these needs, but has been scaled down significantly, with two thirds of the budget for offline services, including face-to-face delivery being cut. In sum, MAS' capacity to meet that gap in the market for people who don't know exactly what they need is significantly diminished.
31. The aim of boosting third sector reach is laudable, but organisations do not have huge amounts of capacity that can easily be harnessed. The third sector in financial guidance sector is under-funded, largely uncoordinated and reliant on materials from and referrals to larger third party organisations. If MAS wants to boost the third sectors' role in this area, it will need to put resources in.
32. That said, there are some welcome elements here:
 - For the first time, MAS will be evaluating its own interventions, in a manner consistent with the WWF.
 - Although the website did not achieve the success early in MAS' life that was hoped of it, we work regularly with community organisations that use and refer to it today. So we support the ongoing commitment to keeping the website up to date.

² <http://themoneycharity.org.uk/media/TMC-public-financial-review-proposals-response.pdf>

- The contact centre provides an important service for those who do are not online or do not manage their finances that way, so we welcome the boost to that.

Chapter 5: widening and improving financial education

33. As a participant in the financial education component of WWF, we are excited about this opportunity. It is not only that the WWF funding will allow us to expand what we do that's so exciting. As our research into financial education last year showed, robust evidence that it works would be one of the main thing teachers and schools would need to push it up the agenda. So this chance for organisations like ours to prove the impact we're having can ensure that financial education actually happens in schools and this vital life skill is taken more seriously in the classroom.
34. Aside from the debt advice work, this objective is now the most coherently and comprehensively met. In the wake of the 2014 decision to put financial education on the curriculum, it felt to many in the sector as if attention turned away – it was imagined by many that the job was done and now young people would receive financial education. That reality never was, and the both the significant commitment of funding through the WWF and the commitment to robustly evaluate work that's going on is a re-engaging with this work that we believe will invigorate the sector.
35. We're also pleased to see MAS playing a key role in the political discussions taking place with regards to financial education. The WWF and its outcomes will inevitably contribute a great deal to policy makers' view of whether, what and how to fund and otherwise further financial education. So this work stream is key not only to the next 12 months but to the future of the sector in the UK over the next decade.
36. The research into the financial capability of children and young people is also very welcome. This kind of work provides organisations like ours with an understanding of the challenges we face and statistics we can use in making the case for financial capability. We look forward to the proposals for 'deep dives' here and the commitment to survey teachers.
37. In this chapter, there is some ongoing concern that MAS attempt to avoid "duplication". While this makes absolute sense in theory: we do not want groups setting up to replicate and compete for limited funds at the expense of others doing the same thing, it is not really a concern on the ground. Financial education is far from universal. 70% of young people are leaving school without ever receiving it³, and our research has found that three quarters of teachers don't think financial education is given the resources it needs⁴. With this context, we should not worry so much about duplication; we should simply be trying to get more resources and more organisations into schools.

³<https://www.pfeg.org/sites/default/files/APPG%20on%20Financial%20Education%20for%20Young%20People%20-Final%20Report%20-%20May%202016.pdf>

⁴ http://themoneycharity.org.uk/financial_education_schools/

38. We support the idea of a quality mark, but do not believe that it ought to be administered by Young Enterprise. The work YE does is of fantastic use to schools and young people, and this is by no means a criticism of them, but to have a scheme like this administered by an organisation with a particular vision of how financial education ought to be delivered (in-house, using teacher resources) is unhelpful to the other organisations working in the sector. While YE can offer a very good service to financial institutions and others seeking to create resources, they are not well placed to be a neutral arbiter in the sector – this role should be performed in-house by MAS and its successor body.