

# Consultation Response

## Money Advice Service: Consultation on the Money Advice Service 2018/19 Business Plan

February 2018

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## **About Age UK**

Age UK is a national charity that works with a network of partners, including Age Scotland, Age Cymru, Age NI and local Age UKs across England, to help everyone make the most of later life, whatever their circumstances.

In the UK, the Charity helps more than seven million older people each year by providing advice and support. It also researches and campaigns on the issues that matter most to older people. Its work focuses on ensuring that older people: have enough money; enjoy life and feel well; receive high quality health and care; are comfortable, safe and secure at home; and feel valued and able to participate.

## **About this consultation**

The Money Advice Service (MAS) is consulting on its business plan for 2018/19. It is expected that towards the end of the second or start of the third quarter of 2018/19 MAS will cease to exist in its current form and that much of its work will be undertaken by a new body, the Single Financial Guidance Body (SFGB). The exact objectives and functions of the SFGB are currently being debated in Parliament, however in addition to continuing and developing the work MAS has been responsible for in relation to money and debt advice, it is expected that the SFGB will also take responsibility for PensionWise and work currently undertaken by The Pensions Advisory Service.

## **Key points and recommendations**

- We have seen many promising developments at MAS over the last 12 months which we hope will be continued by the new SFGB.
- Older people in retirement face increasingly complex financial decisions as well as day to day challenges adapting longstanding money management habits as their personal circumstances, banking systems and technology change.
- We are concerned that people aged over 54 appear to be largely excluded within the proposed business plan: we hope that this reflects the relatively short term nature of this plan and will be rectified in the business plan for the new SFGB.
- This invisibility of older people is disappointing, given that Age UK has been funded by MAS to carry out two exciting projects covering (i) short term money management amount older people in retirement; and (ii) what constitutes being well-placed to manage financially through life events during retirement. We hope that the findings of these projects will be taken into account by those developing work plans for the SFGB.
- We see significant value from the public policy functions of MAS. Because of the central role occupied by MAS and expected to be taken up by the SFGB, the organisation is especially well placed to identify and authoritatively describe public policy issues connected with financial capability in particular, but also access to financial services and wider issues.

## Introduction

As we look towards the last few months of MAS in its current form we would like to recognise and highlight some of the achievements and learning we have observed during our engagement with MAS over its life. We now see a team that is moving towards much more effective partnership working and supporting the sector to develop and share meaningful evidence on financial capability interventions. The theme of momentum is therefore apt. We understand that a business plan for a transition period may not be able to include as comprehensive a programme of work as would otherwise be the case. However, we are concerned by the exclusion of almost 30% of the population<sup>1</sup> and the issues that affect this group, during what amounts to 33% of the average man's lifetime and 35% of the average woman's lifetime<sup>2</sup>. This is perhaps an area in which the SFGB has an opportunity to distinguish itself by using the valuable work that MAS has started in this area to gather momentum and achieve impact.

### 1. Consultation questions

#### **Q1. 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)?**

We would like to see much of MAS current work and approach continued in the SFGB. We strongly support the collaborative impact approach and the strides MAS and others have made towards working in this way. Given the historical challenges experienced in this area it is vital that the new SFGB incorporates the lessons learned from its start. We also strongly support the concept that effective collaboration in this sector requires an organisation to provide a consistent framework and agree that the SFGB will be uniquely suited to provide this.

We would particularly like to see the What Works Fund or a similar approach continued. It has the potential to achieve a step change in impact through enabling organisations to do more of what works well. The first wave also included a valuable diversity of organisations, significantly strengthening the collaborative approach beyond the major players. We hope that some of this approach will continue in future iterations of the What Works programme, but we are concerned that the second round, appears to be a significant retrenchment from this truly diverse engagement. We hope that this is a temporary change, driven by the need to focus on particular gaps from the first round.

There is so much to be done to improve the UK's financial capability and access to independent high quality information and advice that prioritisation can be difficult. We agree that both budgeting and saving and accessing guidance and advice are fundamental to financial capability and so support continued work on these streams.

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<sup>1</sup> ONS, Population Estimates for UK, England and Wales, Scotland and Northern Ireland: Mid-2016, published June 2017

<sup>2</sup> ONS, National Life Tables, United Kingdom, 2014-16, published Sept 2017

It is, however, unclear why the objectives focus exclusively on working age adults. We note that MAS analysis of the financially struggling segment includes 2.2m people aged over 65. Our own work, including two current projects undertaken with MAS involvement, strongly indicate opportunities to improve older people's day to day money management behaviour and demonstrate a high level of need for information and advice, especially on some of the extremely complex decisions facing people in retirement.

In the past, older people's needs have frequently been excluded or downplayed as a result of focus on measures only relevant to people of working age (e.g. previous measures such as savings need being related to 3 months without income) or framing of savings exclusively in a working age context. We have seen extremely encouraging signs from MAS in terms of its commitment to develop an Outcomes Framework that reflects the different situation of people in retirement and work on including measures of financial capability relevant to older people in their surveys. We would have expected this to be reflected in this Business Plan. We would welcome a clear signal in the response to this consultation on how the needs of older people in retirement will be addressed going forward.

**Q2. 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?**

We are disappointed by the absence of provision of activities and priorities for older people.

**Q3. Do you have any evidence, research or insight that can help make our programmes of work more effective?**

Age UK is in the process of completing two exciting projects covering (i) short term money management amount older people in retirement; and (ii) what constitutes being well-placed to manage financially through life events during retirement. We would welcome the opportunity to present these to MAS colleagues and those developing work plans for the SFGB. Our wider programmes also address issues around social care, housing and how older consumers interact with markets; all of these will be relevant to how MAS and in future the SFGB develops programmes.

**Q5. 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?**

These indicators must include measurements that include older people within the segments to which they refer and also apply MAS's own learning on the needs of older people in retirement.