

Money and Pensions Service Listening Document

Response from Citizens Advice Scotland

June 2019

Citizens Advice Scotland (CAS), our 59 member Citizen Advice Bureaux (CAB) and the Extra Help Unit, form Scotland's largest independent advice network. Advice provided by our service is free, independent, confidential, impartial and available to everyone.

In 2017-18 the Citizens Advice Service network helped over 295,100 clients in Scotland and dealt with almost 800,000 advice issues. With support from the network clients had financial gains of over £138 million and our self-help website Advice in Scotland received approximately 3.2 million page views.

Introduction

Citizens Advice Scotland (CAS) welcomes the development of the new Money and Pensions Service (MAPS). CAS has had an excellent working relationship with the organisations that have now become part of MAPS. CAS delivered the face to face Money Advice Service (MAS) in Scotland; we have also delivered MAS/SLAB funded debt advice and still deliver the Pension Wise service in Scotland. CAS as an organisation is ideally placed to work with MAPS to provide services because of its broad reach across the whole of Scotland and representation in nearly every community, as well as our experience of working with the most vulnerable clients. We look forward to a fruitful future working relationship with MAPS.

CAS is pleased to respond to the MAPS listening document. We also welcome that MAPS intends to go through a listening exercise to clarify their purpose. However we were disappointed that there was only one listening event for the whole of Scotland, in Edinburgh. Many of our member organisations are significant distances away from the capital and were unable to attend so this will have been a missed opportunity to hear a West Coast, Highland, Island and rural perspective on the priorities outlined.

On a more general point, the sheer length of the listening document has been difficult to engage with, especially given that CAS delivers services across many different issues. The process may have been better carried out with separate consultation exercises for children and young people, working age people, people planning for their retirement, people in retirement and also the devolved nations. We hope that there will be more opportunities for organisations like ourselves to engage around these specific issues in the near future and that this is not the end of the conversation.

Questions:

1. ***What are the top priorities the Money and Pensions Service should focus on over the next three years?***

In terms of priorities, it would be tempting for MAPS to continue with those of its previous organisations, particularly the Money Advice Service. However this should not be done uncritically, especially given that some of the messages MAS promoted did not resonate enough with the UK population to bring about real change in financial behaviours, and arguably things have got worse for many people. MAPS should keep engaging with consumers to find out what they need from it, and build their service to meet those needs rather than adopting a top down approach.

MAPS needs to engage and work collaboratively with other UK wide organisations to understand the services they deliver and to support those to meet local demand. In particular MAPS needs to engage with organisations in the devolved nations to ensure that it does not duplicate existing initiatives, override local priorities or stifle existing good practice.

MAPS also needs to prioritise increasing the funding available to front line advice by another £100 million, as recently called for by Sir Hector Sants. MAPS can aid this process by analysing and evidencing the types of organisations that create demand on the advice sector and, following a polluter pays principle, influence FCA and government to widen the pool of organisations and increase the funding levels currently in the levy.

2. ***We are required to help those 'most in need' and those who are 'in vulnerable circumstances'. How can we best identify and reach them? What evidence do you have to help us target these groups effectively?***

MAPS cannot reach those most in need or in vulnerable circumstances by itself because primarily it is a strategic body and not a delivery organisation. MAPS needs to work with existing organisations who are already engaged with this demographic, like Citizens Advice Scotland, who can best identify and reach them.

3. ***For each area of our remit, how should we balance maximising impact with 'most in need' and 'vulnerable' groups (even if that means reaching fewer people overall), and reaching as many people as possible (even if that means we have less impact on each individual reached)?***

Firstly MAPS needs to ensure that it focuses its spending priorities on service delivery rather than administration, so that as many people as possible can be reached.

We think that it would be short sighted to pour all MAPS' resources into those with most need and vulnerable groups, as vulnerability could be created by lack of access to advice for other population groups. To be most effective and get best value for money MAPS should ensure that it works in genuine partnership with existing organisations who have already invested resource in supporting vulnerable and hard to reach clients, like the Citizens Advice network, rather than trying to invent new ways of doing so.

MAPS could also achieve more impact if the financial services and pensions industries take more responsibility for identifying people who could benefit from advice. For example banks

will have access to data that will identify vulnerability far more easily than MAPS can. Likewise pension providers can use their data to identify who may need pension advice whilst still working, who is nearing retirement and who is considering accessing their pensions and use this information to help Pension Wise to target their support more appropriately.

If, despite working with others to maximise impact, there are still shortfalls in resources perhaps one area where MAPS should consider whether they have the right balance is in the pensions market, where TPAS and Pension Wise are available to everybody regardless of need, including wealthy individuals who are able to pay for advice. Better targeting of pensions advice would ensure it goes to those who need it and would benefit the most.

4. *How should we balance Money and Pensions Service resources between preventing financial difficulties occurring in the first place, and helping people who are in need or crisis right now?*

We are not in a position to say where the balance should be struck between prevention and crisis without further cost/ benefit analyses for each. In general terms prevention of financial difficulties is more desirable than people having to endure crisis. We think a service providing properly focussed financial capability support, along the model of Pension Wise, could be of some benefit to many people and could help to develop financial capability. But there also has to be an acknowledgement that the difficulty with prevention is around engagement, i.e. getting people to engage at a stage in their financial journey when they may have an over optimistic view of their ability to resolve their own financial problems and may not wish to seek advice. So focusing exclusively on prevention may be a less efficient spend than supporting people who are at crisis point, engaged and ready to work collaboratively to resolve their problems.

From our perspective as Pension Wise provider in Scotland, we can see a different approach to the issue of prevention vs crisis in the pension market involving nudges. Auto-enrolment has meant that regulators, providers and employers have to do more to educate consumers, which assists with prevention, whilst at the same time having an automatic opt in approach causes people to save more, which ultimately prevents future crises. This would suggest that similar nudge based approaches can help some of the population to save, making them more resilient when a crisis happens, thus freeing up resources for those most in need.

In order to prevent foreseeable financial difficulties in old age MAPS should also consider the development of the Pension Wise service to cover those who are making important pensions contribution decisions **at any stage** during their working lives, and not just focussed on those approaching retirement.

5. *How should we facilitate the improvement of quality, efficiency and capacity within the money guidance, financial capability, debt advice, or pensions guidance sectors?*

In an earlier HM Treasury consultation respondents had mixed views on a Public Financial Guidance body having a quality assurance role¹. This may be because the experience of quality frameworks under the Money Advice Service was that a centrally based strategic organisation is not best placed to monitor quality in delivery organisations, because that approach isn't sensitive enough to local issues or the needs of service users.

In Scotland we have our own quality frameworks including our own Citizens Advice Bureaux audit process and the Scottish National Standards for Advice and Information Provision. Previous Money Advice Service quality frameworks did not take enough account of legislative and policy contexts in the devolved nations, so we think that our local frameworks are a better fit for Scotland than a UK wide framework.

The main way that MAPs can improve quality, efficiency and capacity is through the provision of consistent long term funding. Current short term funding arrangements cause a continuous cycle of recruitment, training and loss of experienced workers, which reduces capacity; whilst multiple funder priorities militate against efficiency. Both of these issues then drive down quality. Long term consistent funding for advice, with streamlined reporting requirements, will enable delivery partners to innovate in their service provision and develop their work force to drive up quality, efficiency and capacity.

6. *What are the most significant gaps for public financial guidance to fill?*

As has been identified in the Listening Document, we would agree that there needs to be better and more relevant guidance at all stages of life around preparing for retirement. Also as the number of older people increases, guidance is needed around the financial implications of living longer, having to enter into care and dealing with the impact of degenerative disease on financial health.

7. *Do you have any reflections on the current regulatory boundary between guidance and advice? What experience do customers have of this in practice?*

Our bureaux network delivers both guidance and regulated advice around debt. The regulatory boundary is set by the FCA, with consumer protection in mind. Any changes to the regulatory boundary may cause detriment and expense so any changes have to be carefully considered.

One area where the regulatory gap can be an issue is around advising people wanting to release pension funds in order to pay debts and all the implications of that. Neither a

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/508153/PU1916_Public_Financial_Guidance_proposal_for_consultation_FINAL.pdf "2.47 Respondents to the consultation had mixed views about whether the money guidance body should have a role in setting standards for debt advice. The government believes that the FCA authorisation process will deliver a higher standard of consumer protection and increase confidence in the quality of advice offered by authorised organisations so no additional quality assurance will be needed. However, in order to evaluate the impact of the new money guidance body's debt advice contracts, some standardised requirements will need to be built into contracts so that the success of all the contractors can be monitored on the same basis, using consistent metrics."

regulated debt adviser nor a Pension Wise guider is qualified to provide comprehensive advice across both issues. This can lead to fragmented advice that the client has to navigate themselves unless they can afford to pay for it from a suitably qualified financial adviser, which is rarely possible where there are debt issues.

8. *How can we achieve our target outcomes at scale by working with different sectors (e.g. employers, financial services firms)?*

We think that the relevance of these sectors will depend somewhat on the issues.

In delivering the Pension Wise service CAS has worked with some employers which has been a positive experience and enabled the service to have a wider reach. We think employers could have a role in directing employees to general financial guidance, financial capability and pension advice, but they may not be the most appropriate vehicle for people in financial difficulty, many of whom will not want their employer to be aware of their money problems. This is especially the case in the financial services sector where financial difficulties can become a disciplinary issue.

MAPS will also have to ensure that it is selective about the employers that it considers working with as there may also be issues with employers actually contributing to the financial difficulties faced by people, through low wages or zero-hour contracts. MAPS may find their credibility undermined by large-scale, low-wage employers wishing to partner with them to give a veneer of progressiveness to their employment cultures.

We are less certain of the case for working with financial services firms to deliver advice services. There is a fundamental conflict between the interests of financial services firms and consumers. Firms need to sell products, consumers need impartial advice and it is unlikely that these priorities can be held in balance, as the history of mis-selling in financial services markets shows. We also take issue with the analysis in the introduction regarding consumer engagement with financial services i.e.:

“Financially informed consumers are more likely to take up sophisticated and appropriate financial products, and consumers who lack financial information, knowledge, skills or confidence can create risk and costs to the bottom line. For example, research by the International Longevity Centre UK demonstrated a link between taking advice and saving more, as well as investing in the equity market – not just among the affluent but among those ‘just getting by.’”²

Whilst we agree that financially informed consumers are a good thing, we do not think that the purpose of MAPS should be to create such consumers just so that they can engage with sophisticated financial products. Nor do we agree with the “just getting by” investing in equities, given that this is unlikely to fit with their risk profile. We note that there have been a number of problems in the past with the financial services industry selling sophisticated products and equities to consumers, which have led to complaints and redress. Many of the issues have revolved around the consumer understanding of risk and the imbalance of information between the financial services firms and consumers, which in turn has made the consumer vulnerable. We would rather see the financial services industry looking to make products simpler for the average person to be able to understand and engage with, and in

² Listening Document pg 4

turn this would limit the risk and costs to the bottom line of the financial services industry. An analogy can be drawn with buying a car. The car manufacturer has a legal duty of care to ensure that the car is fit for purpose and safe to drive. There is no responsibility upon the consumer to have expert knowledge to evaluate the safety features and workings of the car when they make a purchase. We think similar principles should govern the financial services industry when designing products aimed at those not managing or “just getting by”, which unfortunately is a growing segment of the UK population.

The document also refers to local community organisations supporting the work of MAPS. However our experience as a service is that people do not want their neighbours to know about their money, to the extent that they will approach a bureau in a neighbouring town rather than the one most local to them. We think more work would need to be done around the societal approach to financial difficulty and associated stigma and shame before people would be able to share problems with their communities.

9. *How could we maximise funding in the sector and attract new sources of funding?*

Funding should be based on a polluter pays principle. So firms and organisations that drive advice demand through poor service and indifferent complaint handling should bear the costs of the advice required to mitigate those issues. This should include energy companies and government departments both local and central. Funding should be used to support longer term initiatives to give sustainable outcomes, rather than short term, “quick win” projects which can leave gaps when projects appear and disappear at short notice.

There is currently a debate being held in Scotland around reverting funds from the Debt Arrangement Scheme to the agency that gave the advice, in effect a “fair-share” system from all creditors. How that is to be done is still being discussed, however, a statutory reversion of funding for every pound that the advice sector helps creditors to recover may be a way forward for ensuring funding for advice is maximised.

10. *If you are not already involved, what would motivate you or your organisation to support people to make the most of their money or pensions? What is currently stopping you and how can we reduce those barriers?*

We are already involved in helping people make the most of their money and pensions. To reduce barriers, we’d welcome additional resources to enable us to reach more people. MAPS can maximise the funding available to support us by ensuring that firms contribute to the levy appropriately, based on a polluter pays principle.

11. *What more could we do to make best use of the different channels through which consumers could access information and guidance about money and pensions?*

CAS provides the Pension Wise service in Scotland using a blended multi-channel delivery service. Members of the public can receive telephone guidance, or face to face delivery depending using the channel that is most convenient for them. The ability to provide telephone guidance also means that people in isolated areas and unable to access a CAB can also receive effective help. CAS is also piloting a multi-channel debt advice service in

North Lanarkshire, with access via email, webchat, on-line self-help, centralised helpline and access to face to face advice across the region, with the aim of sharing this learning throughout the CAB network. CAS also provides a Financial Health Check service for the Scottish Government using a blended multi-channel service. Based on our experiences of multi-channel service delivery we are confident that providing channel choice for consumers ***at all stages of the advice process*** is important, so that clients can receive the right help, at the right time, in the right channel. Where CAS has done this we have widened access to our services and increased the demand on our services.

That said, as a service CAS is well known for delivering a face to face holistic advice service, locally delivered across Scotland. Interestingly, where we have provided multi-channel support, clients still have a preference or need for face to face help. For example interim 3 months statistics for the North Lanarkshire debt pilot show that whilst 39% of clients were initially supported by the helpline, 61% of clients still received face to face support. Similarly for the first 3 months of the Financial Health Check service 57.1% (3313) of contacts were face to face and 37.3% (2,165) by phone and 5.6% (324) were by other methods such as letter or email. Pension Wise national statistics shows a 60% preference for face to face. We therefore think that the case for face to face advice for complex advice work is clear and would urge MAPS to recognise and support its place in the advice landscape.

12. *What opportunities are available to address issues around money and pensions in a holistic way now that three organisations have been brought together into one?*

Clearly there is an opportunity to look at how debt, planning effectively for retirement and accessing retirement savings can be balanced.

13. *How would you characterise your local area – what does the landscape look like, what are the challenges and opportunities?*

Our local area is Scotland. We have 59 bureaux and are represented in every local authority area in Scotland. We are Scotland's largest advice provider.

We are constantly challenged by funding as at least half our members' funding comes from local authorities. The same local authorities have been forced to make budget cuts and non-statutory advice provision has borne the brunt of this. This leads to a reliance on short term funding sources to plug the gap in core funding, which risks a disjointed service. Our members also tell us that their demand is becoming more complex, which is time consuming and resource intensive.

There are opportunities available to us from providing multi-channel advice. As already mentioned we are delivering multi-channel advice across an expanding number of projects and can use the supporting infrastructure to support any new projects. This should enable the service to reach more people who could not previously access the service. However it needs to be understood that reaching more people will also require more resources as the work required is no less, even if it is delivered by a different channel.

The devolution of debt advice funding to Scotland is also an opportunity to ensure that funding is spent in a way that achieves the Scottish Government's Fairer Scotland agenda.

14. What are the priority gaps in consumer protection that the Money and Pensions Service is uniquely placed to fill?

MAPS should not be positioning itself as an operational consumer protection agency. Other organisations fulfil this role already (CAB, FCA, FOS, CMA, Consumer Scotland Agency). Another new player in this sector will cause more confusion for the public and potentially cut resources from existing services that are more specialised in this kind of work. It would also reduce the amount of funding for front line services.

However there is a role for MAPS to play in filling information gaps that have an impact on consumer protection, e.g. on the risks of accessing pension funds to respond to short term debt crisis or to invest in financial scams. MAPS can have a consumer protection influence by using its wide reach to collate evidence from the financial and advice sectors that can be used by the FCA to close regulatory loopholes. It can also help to improve poor financial sector practice that can cause consumer protection issues through producing good practice guides and recommendations based on evidence.

For children and young people:

15. Do you agree with our analysis of the issues?

We share MAPS' concerns around the availability of financial education in schools in other nations. However in Scotland financial education is included in the Curriculum for Excellence, and is delivered in an integrated way across multiple disciplines. So we think MAPS should check how effective the system is in Scotland, before concluding that this is a UK wide issue.

The analysis that only 4 in 10 children save regularly; nearly 1 in 5 young people aged 16 to 17 don't have a bank account; and 6 in 10 16-17 year olds can't read a payslip correctly has to be understood in the context of opportunity; i.e. children may not be able to save regularly if they receive irregular pocket money (the document alludes to only 28% of children receiving regular pocket money), may not have a bank account due to a lack of local bank branches or barriers to opening an account (like identity), may not have a job or reason to understand a payslip. MAPS also have to consider that growing child poverty in the UK will militate against these statistics improving.

16. Are we focusing on the right outcomes?

Yes we agree that children and young people should receive a meaningful financial education, however we think that under the Curriculum for Excellence cross curricular financial education is already being delivered in Scotland. So this outcome is perhaps not appropriate for Scotland and highlights the need for a separate strategy for Scotland to take account of our different education system, law, benefits, referral and support networks. We also think that financial education in schools needs to be delivered in line with the national priorities of the devolved nations to ensure that it is meaningful, so it would not be appropriate to develop financial education for the whole of the UK from the centre anyway.

17. Have we highlighted the right priorities for action?

It is not clear from the listening document what the priorities for action are.

18. Should we seek to influence the wider policy and regulatory context, and in what areas?

Yes, where it can be shown that financial education can have no impact because government policy is increasing child poverty, then this should be referred to appropriate areas of government, like the Treasury and the DWP.

For working-age people managing money day-to-day, and building resilience in the short and medium term:

19. Do you agree with our analysis of the issues?

In our previous responses to Money Advice Service consultations we often made the point that people in the 'financially squeezed' and 'financially struggling' segments are unable to achieve financial resilience because they simply do not have enough money coming in due to changes in work and the economy. Many people in this situation are adept at budgeting and if they could budget and save their way out of financial difficulty, they would. We note that MAPS acknowledges this broader context as a barrier and we welcome that.

20. Are we focusing on the right outcomes?

Unfortunately the answer to 19 has a direct impact here. The broader context will make it very difficult to increase regular saving by 7% or decrease the reliance on credit for everyday spending by 9% by 2023. All the indications are that credit spending is increasing as people find it increasingly difficult to make ends meet. An annual unpublished CAS tracker of the Scottish population indicates that the number of people in employment who 'always' have to resort to credit for living expenses has grown from 8% to 12% over just 2 years.

21. Have we highlighted the right priorities for action?

It is not clear from the listening document what the priorities for action are.

22. Should we seek to influence the wider policy and regulatory context, and in what areas?

Yes, we hope the acknowledgement of the broader context as a barrier to financial resilience will drive MAPS to influence the wider policy context around poverty and welfare. Where government and welfare policy limits the work of MAPS then we would like to see recommendations made to the relevant departments.

For working-age people dealing with financial difficulties and debt:

23. Do you agree with our analysis of the issues?

We agree with some of the analysis and disagree with some other conclusions.

We agree that numbers of people in debt are growing, we also see the growth in priority debts and bill payments reflected in our own advice statistics. Currently Council Tax is the biggest debt issue that our clients ask us for advice about and rent arrears is growing,

particularly where universal credit has been introduced. Our advisers tell us that they see more people who they cannot help, as any debt solution is a sticking plaster over deficit budgets which cannot easily be improved, and we are also seeing increasing complexity in the cases that clients bring, often requiring legal assistance.

We are concerned by the assertions in the listening document regarding quality. We do not see detrimental debt advice being an issue in the free advice sector in Scotland and we think MAPS needs to have a better understanding of this issue, before assuming it as a narrative. If poor advice has been identified then the FCA should take action against the providers.

24. Are we focusing on the right outcomes?

Yes and no. We agree that the provision of advice should be increased. However 500,000 more people is an arbitrary figure and in Scotland this translates to 41,750 people. The free debt advice sector in Scotland has shrunk since 2012 because of cuts in local authority and Scottish Legal Aid Board funding, so it is hard to conceive of how this additional demand can be met in the current funding environment. We also think that a focus on numbers of people seen is not that helpful, as we don't know whether the advice given to those people is effective; good outcomes are much more important than numbers seen.

We fundamentally disagree with the second measure i.e. "Currently 41% of people, a few months after receiving debt advice, report that they are still missing payments on their bills or credit commitments. A challenging, but achievable, target we could consider for the end of our corporate plan period (March 2023) is that we should aim to reduce this percentage to 32%." A reduction in the number of people missing bills or credit commitments is not in any way a proxy for the quality of debt advice as it is too dependent on factors beyond our clients' control.

More importantly we think there is a need to understand why people who have received debt advice miss payments on bills / credit agreements several months after receiving advice. This could for example be linked to low incomes due to economic and Governmental policies, rather than solely attributable to the quality of advice.

25. Have we highlighted the right priorities for action?

We agree with the priority outlined in the listening document of increasing the supply of high-quality debt advice, albeit with quality standards determined and agreed for the Scottish context. We are interested in the implementation of the Target Operating Model and are in discussions with colleagues in Scotland about how this could work here. However, with funding now devolved to Scotland for debt advice funding we will also be looking to implement the recommendations of the Tackling Problem Debt Working Group, to ensure that our service offering takes account of the needs identified in Scotland.

26. Should we seek to influence the wider policy and regulatory context, and in what areas?

Yes, if MAPS is unable to achieve its outcomes due to government and welfare policy then it may be appropriate for recommendations to be made to the relevant departments.

For pensions and planning for retirement:

27. Do you agree with our analysis of the issues?

Yes

28. Are we focusing on the right outcomes?

Yes, we agree that the creation of the Money and Pensions Service potentially offers more opportunities for people to engage with saving for retirement at a variety of key life stages. We agree that to help people take control of their pensions, they need to have better engagement from the pensions industry and MAPS can assist with this process. MAPS must also bring the industry together to make technology work that helps people to easily understand their projected pensions and steps that they can take to improve their savings, where possible.

29. Have we highlighted the right priorities for action?

Yes, we agree that the priorities should be ensuring that anyone accessing or transferring their Defined Contribution pension receives Pension Wise guidance by default, and developing pensions dashboards and tools to help people make better decisions about their pensions planning and access.

30. Should we seek to influence the wider policy and regulatory context, and in what areas?

Yes, recent pensions legislation has changed the landscape for the better by increasing the number of employees saving for a pension, however it is likely that something similar will need to be considered for the self-employed. Also bringing the low paid into the system may be a challenge and again this may need MAPS to seek to influence government and the DWP to address low pay issues that are a barrier to pension saving.

31. How do we get consumers to engage actively in pensions and planning for retirement?

As identified in the listening document information through the likes of pensions dashboards will be crucial. It also has to be recognised that that not everybody will want to engage and the most progress to date has been made thanks to the nudge of auto-enrolment and Pension Wise.

For people in retirement:

32. Do you agree with our analysis of the issues?

Yes.

33. What outcomes do you think we should focus on?

We agree that the provision of meaningful customer focused guidance that is accessible for people in retirement is important. There are some unique challenges to be conquered around digital access, vulnerability, disability, cognitive decline, scams and financial capability in this age group. We agree that the growth in the elderly population means that

solid progress needs to be made in the next few years towards ensuring that their needs for financial guidance are catered for.

34. Have we highlighted the right priorities for action?

We agree with the focus on research and evaluation to understand the difficulties and opportunities for this section of the population.

35. Should we seek to influence the wider policy and regulatory context, and in what areas?

Yes, where government policy is a barrier to progress against MAPS' goals.

36. How can we ensure that people in retirement who are digitally excluded get the help and guidance they need?

The Pension Wise statistics underline the need for face-to-face advice to be a key part of the MAPS offering.

37. What are the merits and challenges associated with developing a Later Life Review?

A Later Life Review would hopefully enable people to engage with difficult issues around making their incomes stretch, planning for care, and ensuring that they have legal arrangements in place around wills and power of attorney. The challenges would be around whether shortfalls in people's financial arrangements could be rectified at this late stage.

For the Northern Ireland, Scotland and Wales:

38. Should we develop a single UK-wide 'National Strategy', or separate strategies for each nation?

CAS would support separate strategies for each nation to be able to respond more effectively to local issues, built around commonly agreed themes. We see the need for separate strategies demonstrated across at least two of the previous areas of focus, i.e. in regard to financial education in schools, and reconciling the recommendations of the Tackling Problem Debt Work Group with the Target Operating Model in Scotland. It would not be appropriate to address these on a national basis.

39. What are the benefits and challenges of collaboration on debt advice across the UK given the new devolved debt funding arrangements?

The biggest challenge in collaboration on debt advice is the appearance that the devolution of debt advice is in name only. Devolution has been welcomed by the advice sector in Scotland as the Money Advice Service, by accident rather than design, failed to recognise the unique debt landscape and legislation of the devolved nations on a number of occasions. Under MAPS we have already seen elements of this in regard to the creditor toolkit for local authorities which was offered to Scotland and then withdrawn, because Scotland has not adopted the SFS.

Whilst MAPS has a responsibility under the Act to have a national debt strategy it will have to be very careful that the strategy sits lightly enough to enable the devolved authorities to make their own decisions on the appropriate use of the funding, without restraint. If it sets a debt strategy that doesn't meet the needs of the different nations in the UK MAPS risks irrelevance given that the money already sits with the devolved authorities. So it is very much up to MAPS to ensure that it does not side-line itself by not being cognisant of the sensitivities in the devolved nations around this issue.

In terms of collaboration we think that there are benefits to working with partners who deliver advice in Scotland, to ensure that clients have a choice of channel to work with. We are exploring working with partners to deliver advice in a way similar to the Target Operating Model, with the bureau network providing specialist face to face support. However we also see advantages in developing multi-channel access to support the customer journey within our own bureau network, to avoid unnecessary face to face interaction with clients that could be done through other means.

For the National Strategy:

40. What are your reflections on the recommendations from the Financial Capability Strategy for the UK 'lessons-learned' report?

MAPS should consult on the recommendations from the Financial Capability Strategy for the UK 'lessons-learned' report separately, as including it in the listening exercise does not do it justice. We have some initial views on the recommendations which we would like to develop further as part of another consultation:

- 6 – we agree a more powerful pro-consumer voice should be at the heart of the strategy
- 7 – we think any direct to consumer engagement should be limited, as MAPS is not a delivery organisation
- 8 – we agree that debt and pensions guidance should not be distinct problems from financial capability and education. However in the Scottish context debt funding is devolved, whilst financial capability and education and pensions guidance are UK wide. This may lead to debt advice being seen as a distinct problem in Scotland.
- 9 – we agree that we should leave “one size fits all” behind
- 16 – engagement models have not currently been very effective at taking account of devolved nations, so this needs to be improved
- 22 – resource should be dedicated to supporting service delivery and longer term funding opportunities and we would welcome being a part of that conversation
- 30 – we agree that there should be a forum for guidance providers, but this also needs to take into account differences in devolved nations

41. How do we ensure that organisations other than the Money and Pensions Service deliver on the plans and towards the coordinated goals of a National Strategy?

MAPS needs to engage meaningfully with other organisations to ensure that priorities come from the ground up, not top-down. This will lead to more local ownership of the national strategy and encourage other organisations to work towards it.

42. We have outlined some design principles and suggestions for possible governance models. Do you agree with these design principles? What other governance models do you think could be effective in helping to deliver the National Strategy?

No comment

43. We recommend that the National Strategy needs a sustained, long-term perspective if we are truly to achieve a transformation in financial capability. Short timescales may only lead to tactical efforts, but long timescales may dilute the sense of urgency and responsibility from senior leaders. What is the right planning horizon for the National Strategy: 5, 10 or 20 years?

We think the right planning horizon should be 10 years, with yearly operational milestones to get to the objectives set.

For the direct services, brands and assets:

44. What are the advantages and disadvantages of keeping specialist brands, compared with one overarching customer-facing brand?

The Citizens Advice service benefits from a strong single brand with high recognition and a reputation for quality, holistic advice. So, naturally we see the advantage in an overarching customer facing brand. The only downside of that is consumers may not be aware of the breadth of services that we can provide as the name doesn't give it away. Having a number of specialist brands makes it clear what the service provides e.g. Pension Wise. The downside of specialist brands is it may cause the consumer to focus on single problems rather than the multiple issues they may have. The consumer may then find themselves trying to put together a jigsaw puzzle of conflicting specialist advice, having consulted all of them separately.

45. How can the Money and Pensions Service best support other providers of guidance, help and information through different channels?

As we have outlined earlier, we are already delivering our services through different channels and have significantly invested in the technology in our bureaux network to facilitate this. We would like to work with MAPS to provide other services through this infrastructure to support its continuing development.

For measuring success:

46. What are your views on the issues we have set out in relation to outcome targets, and accountability, for a National Strategy?

No comment

For research, insight and evaluation:

47. What should the Money and Pensions Service do to promote the use of evidence in funding decisions and service design across the sector?

MAPS need to ensure that its evidence can be interrogated from UK down to local level to be relevant to funding decisions and service design. If the evidence is accessible and relevant then it is more likely to be used. MAPs also need to use good evidence in its own funding decisions - using what works to ensure the best outcome for people, not simply what is cheapest or will maximise the number of people that are seen on the same funding. MAPS should ensure that it share its evidence so that it can be used in policy making by FCA, government, financial and other sectors.

The kinds of evidence that would be useful to funding and service design would be evidence of consumer detriment and likely demand, evidence of outcomes of advice – down to local authority level - and evidence of what works to ensure that good operational practice is promoted.