HOUSE OF COMMONS

Treasury Sub-Committee

Oral evidence: The Work of the Money Advice Service, HC 530

Monday 5 February 2018

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Watch the meeting

Members present: John Mann (Chair); Rushanara Ali; Catherine McKinnell.

Questions 1-70

Witnesses

I: Charles Counsell, Chief Executive, Money Advice Service, Andy Briscoe, Chair, Money Advice Service, and David Haigh, UK Financial Capability Director, Money Advice Service.

Written evidence from witnesses:

- Money Advice Service (1)
- Money Advice Service (2)

Examination of witnesses

Witnesses: Charles Counsell, Andy Briscoe and David Haigh.

Q1 **Chair:** Gentlemen, good afternoon. For the record, could you please introduce yourselves?

Charles Counsell: I am Charles Counsell, the Chief Executive of the Money Advice Service.

Andy Briscoe: I am Andy Briscoe, the Chairman of the Money Advice Service.

David Haigh: David Haigh, Financial Capability Director, Money Advice Service.

Q2 **Chair:** Thank you for coming this afternoon. I wanted to start by asking you what the biggest success, and the biggest failure, has been over the existence of the Money Advice Service?

Charles Counsell: In terms of success, if I may start with debt advice, the context is that 8.3 million people are experiencing problem debt. That is defined as people who either worry about their debt or have missed three or more payments in the last six months. Crisis debt is probably in the region of £1.7 billion, of which about 50% of the people have mental health issues.

One of the biggest successes of the Money Advice Service is the fact that since we have taken over the role of commissioning debt advice we have increased the supply of debt advice from approximately 100,000 sessions per year to about 470,000 this year, and reduced the cost of those from about £270 per session to, on average, about £100. That £100 covers face-to-face, telephone and web-based debt advice. That is really important because we know that over 90% of people who should take action as a consequence of that debt advice go on to take action, and that 65% are repaying all or some of their debt three to six months after the debt advice.

Personally, I have listened to the debt advice sessions—been in them when they have been given—and you see and hear the relief in people and their voices when they start to talk about the problems they have with debt. They have probably never talked about them before in their life—one or two of us just don't talk about money at all to our partners. The fact that they can go on and be in a better place as a result of the debt advice is hugely important.

In terms of money guidance and financial capability, we are also very proud of the development of the financial capability strategy, and the work that hundreds of organisations across the UK are now doing as a consequence of that strategy, including the What Works Fund that we set up, which is funding 65 projects at the moment up and down the UK.[1] As an example, we are funding one project with the Open University to extend its programme of "Managing my money" to people who find it hardest to manage their money—they may be people in social housing or with credit unions. That is a very interesting and exciting programme. We are making a big difference to people's lives, which is our objective.

In terms of disappointment, in the early days perhaps we did things that in retrospect—with the help of this Committee—we have changed. It is difficult to say, for instance, if we go back in time and look at the marketing spend, did that make a big difference? It is difficult to tell. What we know now, though, is that this year we will get something like 29 million visits to our website with zero marketing spend—that is through approaches such as search engine optimisation, working with partners and others, so a big change in the way we have approached that.

Q3 **Chair:** Are you able to provide—not now—some statistics? We have three very different constituencies here. Are you able to provide data to us, following this meeting, on how many of our constituents have used the service?

Charles Counsell: I am sure we can, certainly in terms of debt advice. Where we are providing debt advice within your constituencies, we will know how much money we are putting into your individual constituencies. I will come back to you with more.

Q4 **Chair:** We would be interested to know how many of our constituents have used the service, what the assessment of that is and whether there is variation.

Charles Counsell: We can certainly do that. If I split this up between the methods by which debt advice is given, we will certainly have a pretty good idea about face-to-face debt advice; where it is web based, it is clearly more difficult, because these are national programmes and you don't necessarily know where the person comes from.

Q5 **Chair:** What have you learnt most from the advice and recommendations given by this Committee in the past?

Andy Briscoe: Shall I handle that, because I have been in post since September 2013? This Committee was very concerned about the original business model that the Money Advice Service had, which was to plough its own furrow and to be digital first. To do that, it needed to spend a lot on marketing, both to build brand awareness and to try to get the public to engage with their money. The Committee also pointed out that at times the Money Advice Service duplicated guidance tools that were already out there, but crucially that the service was not harnessing the many thousands of organisations that can impact on financial capability and are willing to do so. So the Committee was quite correct to say that the model was in radical need of change.

[1] *Clarification from witness:* Whilst MAS has funded 65 WWF projects to date (27/02/2018), at the time of the session it was only funding 64 projects.

What I am very proud of is the speed and the hard work that then went into changing the organisation, because it is a very, very different organisation from the one that you looked at in early 2013. We now have a collaborative approach. We are a co-ordinator; we are a commissioner. I would like to thank all the stakeholders who have, if you like, forgotten about the very difficult start that the service had and are now very supportive of the financial capability strategy and also the debt advice sector work.

Q6 **Chair:** Which group in society are you failing most to reach?

Charles Counsell: We break down society into three groups; it is quite a sophisticated model, but broadly there are three groups. They are the struggling, the squeezed and the cushioned. Between 50% and 60% are in the squeezed and struggling groups. We focus on those groups, so if there is a failure to reach a group, it is the cushioned group, because we don't really think that that is a role that we should be playing. Our focus is on the squeezed and the struggling.

We have a different focus for those two groups. In particular, with the squeezed group, we believe that there is work we can do to help people to be able to manage their money better. They respond to that; they are able to use the tools that we have on our website and to respond to the guidance we can give over the telephone. A lot of our What Works projects are focused in that area. With the struggling group, again, we have put a lot of focus on the What Works projects.

I will give you an example if I may. We are working in Scotland with a project involving Shelter Scotland, and the purpose of that is to look at whether, by putting Shelter Scotland people into clinical environments, you can have a better outcome. If you put the outreach worker into a clinical environment, you can have a better outcome for the client, because you capture them at that point. What we think we know, and what this project is there to try to prove, is that if the outreach worker is not in that clinical environment and the clinician says to someone, "You need to go and talk to Shelter Scotland," then between coming out of the clinical environment and looking to get support from Shelter Scotland, they are very often lost. The work that we are doing is not only to put that person into the clinical environment, but then to support the person with money guidance, money support—how to manage your budget better. That is an example of a project that really does focus on those who are struggling in society.

Q7 **Chair:** What percentage of over-16s are illiterate or partially literate?

Charles Counsell: I'm afraid I don't know the answer to that. I am able to answer about numeracy, which is that the average numeracy age in this country is about 11.

Q8 **Chair:** No, literacy?

Charles Counsell: I don't have a number but I will come back to you.

Q9 **Chair:** I was going to ask how that informed your targeting, but if you don’t know how many, then it can’t.

David Haigh: Our digital website is deliberately designed to work for an audience with a reading age of about nine to 10 years old—that is the literacy age we target. Our website has also won a variety of awards—plain English awards—while accepting that it is trying to give financial guidance, so often you will get into quite technical financial terms. None the less, we make every effort to make it as easy to engage with and read as we can, and we have won various awards for that.

Q10 **Chair:** What percentage of the population over 16 does not access the internet?

Charles Counsell: I don’t know the precise percentage.

Chair: Approximately.

Charles Counsell: The precise percentage I don’t know, but what we are doing is, again, working through the What Works project, and looking to see how we can improve digital access to what we are doing. Irrespective of digital access, people can access our support by telephone. We have a call centre that will enable people to get guidance from us without having to be online.

Q11 **Chair:** With the move to the single financial guidance body—I presume that won’t be its branded title, or will it? Who will it be answerable to?

Charles Counsell: On your first point, I doubt that will be its real title, but we will see. The single financial guidance body will be answerable to Parliament through the DWP.

Q12 **Chair:** The DWP. So there will be no accountability to the Treasury at all.

Charles Counsell: The policies for debt and financial capability remain Treasury policies. The operations will be accountable to the DWP.

Q13 **Chair:** So it is going to become a pensions advisory service.

Charles Counsell: I don’t think that is true at all. It is subject to the will of Parliament, of course, and what happens with the single financial guidance body and what it finally looks like, but as currently set out, it takes forward much of the work that the Money Advice Service has been doing on debt and money guidance. Specifically, it has a remit to develop strategies for debt, financial capability, and for children and young people. On the contrary, it will absolutely bring the pensions guidance into one single body, and in that respect it is very much to be welcomed. From a consumer perspective, wherever you are in your life and whatever your issues around money, there will be one body that can provide free and impartial guidance.

Q14 **Chair:** You have already set out a five-year strategy. It is a bit unusual for an organisation that is disappearing through a merger to set out a five-year strategy that will inevitably have to change at the point of that merger, which is scheduled for this year.

Charles Counsell: The Money Advice Service set out a three-year strategy in 2015-16, and the forthcoming year, 2018-19, will be the third year of that three-year strategy. The draft consultation business plan sets out that, subject to what we find in that consultation, we intend to complete the delivery of that three-year strategy. More broadly, the financial capability strategy that was published two years ago is a much longer term strategy—indeed, it is a 10-year strategy, which I think is absolutely the right thing to do. If I may go back to why we need this in the first place, four in 10 working-age adults have less than £100 in savings and more than 10 million of them have no savings at all. They are hugely susceptible to financial shocks. A huge number of people do not have an effective approach to budgeting and saving. To solve those issues is not a matter of a small number of years, so a 10-year strategy is entirely appropriate, bringing in, as the financial capability strategy does, the financial services industry, charitable and other organisations to bring this movement together to help members of the public to be able to budget and save better.

Q15 **Catherine McKinnell:** Are you confident that bringing the three strands of financial guidance under one body—which, as John said, I suspect will need a new name if it is going to catch on with the public—will better deliver the Government's aims in terms of financial guidance and advice? If so, how?

Charles Counsell: I am confident it will do, for three reasons. The first is that for a member of the public to have to think about whether they go to this body or that body for financial guidance, whatever that guidance may be, does not really make any sense. Bringing it together into one organisation will be of benefit because people do not compartmentalise their money—their financial lives—around the way we are organised. They simply do not.

Q16 **Catherine McKinnell:** Was that not the idea of the Money Advice Service—that you went to the service and it signposted you, whether it was pensions advice, employment advice or other advice you needed?

Charles Counsell: We do signpost. For pensions advice we do exactly that. For instance, if someone calls us, a sequence of three or four questions gets asked, one of which is, "Is it pensions?", in which case it goes to the Pensions Advisory Service. We have worked now on linking webchats, so that if you want a webchat on a pensions issue it can go to pensions advice. We can do that, but it has to make sense to bring it under one roof as well—there will be efficiencies in so doing. That, again, has got to be a good thing. Finally, from a grantee perspective, for the people who receive grants from us, from Pension Wise, some of them are the same organisation, so it would make sense to deal with one organisation rather than multiple ones.

Andy Briscoe: I will just add that one of the benefits of bringing this together is to encourage consumers to think of managing money as a lifelong plan. If someone thinks about their pension only when they are coming up to retiring, almost certainly they will not have enough money to have a comfortable retirement. Having it all together means being able to talk and to link the debates with consumers and the tools for consumers, to encourage them to think of pensions when they are in their 20s because that is the best way for them to have a secure retirement. It is a fundamental point, that it will help consumers to appreciate.

Q17 **Catherine McKinnell:** I am looking at this from a consumer perspective and am struggling to get my head around what difference it will make to the consumer. As far as the consumer is concerned, they go online to look for money advice; they do not think in terms of financial products or pensions necessarily. They might be looking for pensions advice, or debt advice. I am not entirely sure what difference this is going to make, because the legislation provides for it all still to be delivered by third party organisations, potentially, so it seems to be a rearranging of the furniture rather than a fundamental rethink of how this is all delivered.

Andy Briscoe: It is a logical step from the history of where we have been. I do not think it is a radical change but I am not sure that it needs to be. It is a logical step, I think.

Q18 **Catherine McKinnell:** I guess I'm struggling to see the point. Given that it seems to be delivering what has been delivered, but is being reorganised to still be delivered—I am just trying to understand what the purpose, or what the difference will be. You say that there are benefits, but are there any concerns in terms of potential drawbacks that we need to be conscious of, and make sure do not have a negative impact on the delivery of these important services?

Charles Counsell: The key for the next 18 months is that we continue to deliver and to make sure that members of the public get the guidance they need, whether that is in pensions or money guidance, and the debt advice they need. That is absolutely crucial as we go through this period. Our focus is on making sure that we continue to deliver through this period.

Q19 **Catherine McKinnell:** I guess what I'm wondering is, is it simply an efficiency drive? Is there going to be a reduction in the funding available overall for these services by delivering them under one body and therefore making those efficiencies? If so, what are those efficiencies?

Charles Counsell: Certainly I believe that there will be efficiencies. Put simplistically, the organisations will almost certainly be in one location, there will be no need to have three sets of systems or three back-office functions and so there will be efficiencies. I think the Government have made it clear that what they wish to do is to use those efficiencies to fund more frontline services, but that is obviously good for members of the public because that means there will be more available guidance and debt advice.

Q20 **Catherine McKinnell:** So will all the staff be transferred over into the new organisation? Has that been looked at at this stage?

Charles Counsell: In terms of how it will work, that will be something for the new management of the new body in due course. From my perspective, I look at it and think, "Well, if this is coming into being, I assume in the autumn of this year", which we hope it will be, I think the chances are that therefore people will move into the new organisation, and that the changes to improve the services will happen thereafter.

Q21 **Catherine McKinnell:** In terms of bringing the three organisations together, is it likely to make it more or less accountable, and who will it be accountable to?

Charles Counsell: What is true is that there will be a single point of accountability—I think that is probably a good thing—across all money guidance services. It will be accountable to the Department for Work and Pensions through its partnership function, and to the Secretary of State obviously and to Parliament.

Q22 **Catherine McKinnell:** Do you have any concerns, given the specific Money Advice Service aspect, rather than the pensions advice—I know John touched on this earlier—that your service may be subsumed into pensions or that that line of accountability is not appropriate, that yours is a Treasury and FCA-overseen function and that therefore it may create difficulties in that regard?

Charles Counsell: Genuinely, no, I don't have concerns about that. There are a couple of reasons I don't. It is going to be really important that the new body maintains its close links with the Treasury from a policy perspective, and I see no reason why it cannot and will not do that. That is not an uncommon model. Equally, I see no reason why it would not keep close to the FCA. We are overseen by the FCA now, and keeping close to the FCA is really important.

If I may say something about the DWP in its role to oversee arm's length bodies. For instance, one of the ones it oversees is the Nuclear Decommissioning Authority, and that is not necessarily core to the DWP's objectives, but it is right that someone in government must oversee that as a regulator. So I think that this model works.

Q23 **Catherine McKinnell:** I want to touch on cold calling. The Secretary of State has indicated a plan, or an aspiration, to institute a ban on cold calling. Is that something the new body will be overseeing? What do you think should be done about banning cold calling?

Charles Counsell: Let me talk partly with my previous hat on. I was previously in charge of automatic enrolment at the Pensions Regulator, and I had a very bizarre moment when I was sitting in our call centre and I got a cold call about my pension. It is just entirely inappropriate that you should get cold calls. The risk of transferring out of good provision into less good provision is high. I see that absolutely from a regulatory point of view. In terms of how this works in practice, I need to defer to the Department for Work and Pensions. Indeed, the legislation is going through the House at the moment. If I may, I think that is one for the Department for Work and Pensions.

Q24 **Catherine McKinnell:** Okay. I guess I am thinking that, given the time that is passing, more consumers are being left vulnerable to this. Should it therefore be a greater priority? Should we be doing something in the interim so that it does not fall between the cracks while it is being handed over to be dealt with by the DWP?

Charles Counsell: Alongside other agencies, we will continue to ensure as best we can that people know to beware particularly of scams. Again, a number of campaigns are running to make people aware of scams. I always think the single best piece of advice is: "If it looks too good to be true, it's probably too good to be true. Don't take it, or get professional advice."

Q25 **Catherine McKinnell:** Are you concerned at all about this period of instability for your workforce? Have you noticed any increase in turnover? Have you noticed people leaving? Are you concerned about potentially losing good people because of the instability and uncertainty at this point?

Charles Counsell: It is a very significant concern. I am personally very eager to make sure that we do not allow that to happen. The commitment that the staff of the Money Advice Service have to what they are doing is extraordinary. That commitment really drives them. I fundamentally believe that the fact that the majority of the work that we are doing is being passed over into the new organisation—again, subject to Parliament—means that they can see that the really good work they are currently doing is going to be continued.

I talk to my team as much as I possibly can, and I encourage people to come and talk to me, to any of the members of the executive team or to their managers if they are worried about the future. In terms of staff turnover specifically, we have not seen it go up for this reason. Staff turnover is running at about 17% at the moment, which is not out of line with UK averages. I ask each person who leaves why they are leaving, and I am certainly not seeing any trends. I am not in any way complacent. The most important thing we must do this year is keep delivering for members of the public.

Q26 **Catherine McKinnell:** I know that some of your services are delivered through local networks of citizens advice bureaux, which provide a vital service in Newcastle. I have no doubt that they rely very much on a variety of sources of income, but the income they get from the Money Advice Service is clearly crucial, given that other sources are diminishing. What reassurance can you give that there will not be further concern about the ability of citizens advice bureaux to deliver not just the Money Advice Service but the wider service that they provide, which local communities in Newcastle really rely on?

Charles Counsell: I agree that they are an incredibly important resource for people locally. I am a volunteer trustee of my own local citizens advice bureau, so I see it from the other end of the telescope, if you like. They will always be a critical resource for providing face-to-face debt advice. I am absolutely convinced about that. You hear stories of people walking in with plastic bags full of unopened bills. It is true, and it will almost certainly always be true. It is absolutely vital that we have face-to-face provision of advice, which is not to say that it is the only type of provision we should deliver. We know that people will use the telephone, even though their first choice may be face to face. We know that people will use the web, even though their first choice may be the telephone. We know that to be true. Our job is to make sure that we continue to fund the best quality we can—frontline advice, wherever that may be.

Q27 **Rushanara Ali:** Good afternoon. I have a specific question that comes out of a report on the "This Is Money" site, which refers to more than £100 million being ploughed in to develop and promote the Money Advice Service website. I wonder whether you could say a little about what the breakdown of expenditure was—what was spent on promotion and what was spent on development—how effective it has been and what the future of the site would be in the new establishment.

Charles Counsell: Are you referring to the advice that has been set up regarding mental health and money guidance?

Q28 **Rushanara Ali:** I am referring to a report that was out on 16 March. It was an article on "This is Money": "Chancellor to axe the Money Advice Service after not enough ordinary people take up its help". I will read out the paragraph, if that is helpful: "The service is considered not to have had enough uptake from the general public despite ploughing more than £100 million on developing and promoting its website. It will be replaced by a smaller body providing help for those in financial trouble". I was struck by that figure, by why it cost £100 million, and by how effective it has it been and what is going to happen to it in the future. I was shocked, to be honest, and before prejudging anything I want to understand better what that was about.

Charles Counsell: It this is what I think it is, it refers to the historical money that has been spent on marketing, which we no longer do. But David has more detail.

David Haigh: I think, roughly, just over half of that money was spent on marketing and just under half on developing the digital content, the digital tools and so on. But if I remember rightly, this Committee made a very strong recommendation three or four years ago that we should stop the marketing activity, largely as a result of that, and that is exactly what we did. As of today we spend absolutely nothing on marketing and, as Charles said earlier, we get 30 million contacts per year. We are now operating with the cost per contact to our website at about 14p, which is down—

Q29 **Rushanara Ali:** I saw those figures, but could you say a bit about the £50 million you have spent, presumably on the website and its development and content? Is that investment you continue to benefit from or did you have to scrap it?

David Haigh: That was used to develop a pretty comprehensive website with a range of tools that help people to budget, work out how to save and so on. Those tools are still in existence—

Q30 **Rushanara Ali:** Relative to sites that other organisations have developed, was that normal practice? Was that figure appropriate in terms of what you would expect to spend on a site? I know that there are some very sophisticated platforms that cost a lot of money, certainly in the banking and other sectors. It would be helpful if we could understand better whether you felt that was a correct allocation or whether you could have created something that was less expensive—not the view of external committees, but your reflection on whether it was an appropriate use of £50 million to develop a platform.

Charles Counsell: What is certainly true is that technologies have moved on a lot since that was developed and you would certainly look to do it in a rather different way now. The whole industry of web development has changed hugely over the last five or six years. You have only to think about the use of social media and other platforms. So I suspect those costs would never be repeated. I cannot answer for the particular point in time, of course.

Q31 **Rushanara Ali:** From that experience, what would be your advice to other institutions thinking about developing platforms? I am looking for just any reflection on that, because a number of Government-funded online platforms and projects have ended up costing significant amounts of money. Obviously, your funding formula, in terms of the funding coming from a levy on firms, still needs to pass the test of value for money. In this case, would you say it did or not?

Charles Counsell: Again, I cannot speak for that particular moment in time, but what I do know is this. If you were going to develop this from scratch, almost certainly you would go out to tender on it. You would look at what was the best way of delivering—whether that was in the marketplace or by doing it yourself. That competition will drive a value-for-money equation and, indeed, should drive a value-for-money equation; that is why you do it.

Q32 **Rushanara Ali:** Going forward, in the new organisation, you are continuing to use this platform and upgrade it and make sure that that money has not gone to waste.

Charles Counsell: Certainly in terms of a lot of the things that sit on the website, there is no reason why they would not sit on a future website. I will use some examples if I may, but fundamentally, at the core, what our website does is this. Yes, it provides guidance; yes, it provides information, but it also provides a series of incredibly useful tools that mean people can do things as a consequence of their query. Those tools can absolutely be put elsewhere; indeed, they do get put elsewhere. We now work with about 2,000 partners around the country, who link to our tools or who embed our tools within what they do. Again, these things have moved on hugely since the sort of developments we were talking about.

Q33 **Rushanara Ali:** Thank you. My next question is partly linked to what you might be able to use the website for. It is about how you evaluate the service you provide. Presumably your platform, given the investment, is a key component of evaluation. Can you say a bit more about how you do your evaluation of the service you are providing and what is built in within the system, within the platform, to measure impact and to reach different groups of people in terms of need?

Charles Counsell: We are able to look at this at a reasonably granular level. As I think we have said already, we anticipate that this year somewhere near to 30 million people will use our website, for one reason or another. That translates into somewhere between 10 million and 11 million individuals using the website. We know that, within that, approximately 3 million of those who are squeezed or struggling use the website.

Rushanara Ali: Sorry, I didn't catch that last bit.

Charles Counsell: Of the squeezed and struggling segments use the website.

The other thing to say is that we measure how satisfied people are with the information and the tools that they get, and over 85% of people say that they are satisfied with the tools that they've got.

Q34 **Rushanara Ali:** Are you doing a breakdown of people's backgrounds? You have mentioned your categories, but are you doing it by geography, by age, by ethnicity, by special needs and protected characteristics? Are you doing any of that?

Charles Counsell: We would love to be able to do more on that, in truth.

Q35 **Rushanara Ali:** But having spent £50 million on an online platform, can't you just use that to capture that kind of data?

Charles Counsell: Only if people are logging in their personal information, and typically we do not ask them to. We don't want to put any barriers between the guidance that we offer and the individual, so they do not have to come in by way of an account; they don't have to provide any personal information at all. I think that is right, because this should be easy to use and free at the point of use. Clearly, over the telephone it is different; we will collect some basic information. And certainly in terms of the debt advice that we commission, we are, again, looking at more granular information.

Q36 **Rushanara Ali:** Sure. So at the moment, would you be able to answer if I asked, "Can you give me a breakdown of people's different backgrounds, particularly related to protected characteristics?"

Charles Counsell: No.

Q37 **Rushanara Ali:** For your user group, you wouldn't be able to answer?

Charles Counsell: Not for web users, no.

Q38 **Rushanara Ali:** Right, but you would be able to give us constituency-by-constituency stats on the support that you are able to provide to people who come to you.

Charles Counsell: Yes, indeed. As I said at the beginning, we are able to look at it from a face-to-face perspective.

David Haigh: The other bit that I think is quite interesting is that we do a lot of work to help other organisations evaluate what they do. On our website we host something called an evaluation toolkit, which is a simple set of tools. If you are a third-sector organisation or a financial services organisation, it helps make it easy for you to evaluate the impact—

Q39 **Rushanara Ali:** Do you require them to do that when you commission them to do the work?

David Haigh: That's exactly right. We try to persuade people who we are not funding to use it as well. It includes really simple tools, but also—

Q40 **Rushanara Ali:** So you could capture those figures to be able to answer my question.

David Haigh: Where we capture those kinds of personal characteristics, then we can—

Q41 **Rushanara Ali:** Sure. It would just be helpful to understand this better, because you mention the general numbers, but I have got one of the most heavily debt-ridden constituencies in the country. I would be interested to know, first of all, how much awareness there is of your organisation. In the time I have been a Member of Parliament, I do not recall a single constituent mentioning your name, which is revealing. That is not because they have not come to me in debt-ridden circumstances. That says quite a lot about your £50 million on promotion, publicity and awareness and the impact that had. I do not think that level of awareness is peculiar to my constituency.

I think you have got an opportunity to think about the lessons that can be learned going forward. At the moment, given the resources you have invested—what is the annual budget of Citizens Advice? It cannot be £100 million, can it? But you have spent £100 million just on your infrastructure. You could do a lot more to give us the confidence that you are targeting and addressing the needs of different groups in our society that are debt-ridden. I do not mean to give you a hard time; I am just trying to use this time for us to think about how you get to a point where you are really achieving what you are supposed to be.

Charles Counsell: I think it is a really important point. I will pick up the particular point you made earlier, which is that your constituents do not mention the Money Advice Service. Honestly, I do not think that that is a problem. What they should be doing is recognising where they can get debt advice. We want them to be able to go the right place to get debt advice, whether that is Citizens Advice, StepChange, the Money Advice Trust or the Business Debtline—whichever one it is, we want them to be able to get to debt advice. If they google debt advice, we will come up, but what will come up is an advice locator tool. It is about how someone goes to get debt advice. That is what we need people who have got problem debt to be able to do.

In terms of wider money guidance—this is one of the lessons learned—the promotion of the organisation's name is not where we should be going, because again I do not think it is relevant whether it is the Money Advice Service that people go to. What is relevant in my view is that someone can get support and help from us on the specific issues that they are worried about.

Q42 **Rushanara Ali:** Okay. You make a valid point. Lots of my constituents go to Citizens Advice. Can you make the distinction between whether it is your intervention to promote what you support them and other similar agencies to do that has led them to be aware of Citizens Advice, or whether it is because of their track record? Do you have any sense of that? I will not be able to distinguish—neither will any of my colleagues, I expect—the impact of your intervention and promotion work. I will not be able to distinguish between you saying, "We support debt advice through the Money Advice Service to the CA and others", and, "Here is the value for money, because more people are aware of the fact that they can go to these three or four agencies than they would have been otherwise if we had not invested." Does that make sense?

Charles Counsell: Yes, it does. The most important thing is that 90% of all the money that comes to us for debt advice goes directly to the frontline. It is going into grants, and that is what we care about. We care about ensuring that debt advice is available to members of the public and that it is of good quality.

Q43 **Rushanara Ali:** Great—thank you. I have another question related to face-to-face advice. Your annual report states that the Money Advice Service discontinued that. Is that because you are ploughing money that you previously spent providing direct face-to-face advice into other organisations, or did you decide that it was not necessary for you to provide it for another reason?

Charles Counsell: The money goes directly to the frontline. If I go back in time, the proportion of our budget that we spent on debt advice in 2012-13 was something in the order of 45% of our total budget. It is now over 65% of the budget.

Q44 **Rushanara Ali:** Just one final question on debt advice. For 2018-19, £56 million out of £83 million has been earmarked for it. Do you think that is the appropriate balance? Does it future-proof against potential downturns and uncertainties, given the economic outlook and uncertainties around Brexit?

Charles Counsell: That is a really interesting question in terms of how much debt advice is needed. Through the debt advice steering group, Andy commissioned an independent review of debt advice funding, which was led by Peter Wyman. His report was delivered—

Andy Briscoe: On 25 January.

Charles Counsell: Thank you. In it, he talks about the balance of how much supply is needed versus how much is available. Frankly, the one thing that we all know is that at the moment, the supply of debt advice just is not enough—demand outstrips it even now, let alone what might happen in the future. We have been focused on trying to increase the level of supply of debt advice. We feel that we have been pretty successful in that: it has increased from about 100,000 to 465,000 this year. We have made a lot of progress.

Across the sector, there is much more that we can do together. Part of that is about the shift in how debt advice is delivered. I fundamentally believe that there will always be a need for face-to-face debt advice—I repeat that—but equally, five years ago, the amount of telephone debt advice delivered was almost zero, and it is now over 40% of the totality of debt advice that we give. Web-based debt advice has gone from zero to about 14% of what we deliver. It is changing, and the cost dynamics are different. Therefore, if you can move more people into telephone or web-based debt advice, you can increase the amount of supply. Again, I fundamentally believe that you still need face-to-face debt advice. We can probably look for other ways to increase supply, but that is fundamental.

Q45 **Rushanara Ali:** You recognise that there will always be some people who need face-to-face advice.

Charles Counsell: Yes.

Rushanara Ali: Particularly the elderly and those who do not feel comfortable speaking on the phone. You mentioned mental health issues—of course, for some people the telephone and more anonymous routes might be useful, but for others actually having a trusted relationship, which might be the local CAB, is really important.

Charles Counsell: Indeed. I would go further: one of the things we need to look at in the provision of debt advice is what the real root cause is. Mental health issues could be one of the root causes, but it could be gambling, drugs, alcohol or domestic abuse—a number of reasons. We need to be able to put in place services that allow the root cause to be addressed alongside the specific debt problem being addressed at the time. That means bringing in other organisations. Citizens Advice do a wonderful job, but they are not necessarily specialists in those areas.

Q46 **Rushanara Ali:** That takes me neatly on to my question about quality. You mentioned the increase in the numbers, which is very encouraging. What is your assessment of how you are prioritising quality in the kind of advice being provided? You have already touched on engaging with other organisations with the expertise. How do you deploy their expertise and integrate it into your policies and funding structure, including the What Works fund that you mentioned, for instance, which may be an answer to some of that? What have you learned from that approach?

Charles Counsell: If I start with quality, we know that of those who seek debt advice and need to take action, more than 90% do so. I think I mentioned earlier that, between three and six months afterwards, 60% of them have either started to repay or fully repaid their debt. We also survey the people who go through the debt advice sessions that we fund, which tells us that client satisfaction is high—greater than 80% across a series of measures, including mentally feeling better in themselves, as a consequence of the debt advice.

There is more to be done in the quality space, and you will see that in our draft business plan we are proposing to invest some further money in quality. We can improve the overall quality in the specific debt advice sessions delivered across the board, and we are eager to drive that forward. Relating to the second point of your question, measuring quality is also about measuring the entire end to end, from the time at which the person first comes to say they have a debt issue all the way through to solving it. We will know that we are really making strides forward when we keep people from coming back into needing debt advice. I go back to the point that that is fundamentally about solving what may be different underlying problems.

To your point about how we bring it together, in December we published a new approach to commissioning for debt advice, and we are moving towards that. It is built around six intentions. I have just talked about one of them, which is bringing the underlying reasons for needing debt advice alongside the delivery of debt advice. To your question of how we would do that, we see it as probably a co-commissioning matter. We would look into local areas to see which organisations can deliver to the wider needs of the person who is coming in needing debt advice, as well as the specific debt advice.

We think we can do more to build financial resilience, if I can call it that—being able to manage your money better—into the whole process. There is more to be done in that respect. We should also target specific groups who are more vulnerable. Part of what we talked about in the document published in December was how to go about targeting them. That does not mean that if someone walked into a citizens advice bureau needing debt advice, they would not get it or they would be turned away. It absolutely does not mean that. What it means—going back to the idea of co-commissioning—is that we work with housing associations, credit unions or whatever else it might be to ensure that those who particularly need advice perhaps get it earlier than they currently do.

Rushanara Ali: That takes me on to two supplementary questions on this section. Would you be prepared to share with us any monitoring you have done of different groups, based on the evaluation that you have asked your grantees for? It would be useful for us to see that and, I hope, be satisfied that you are able to reach a wide range of different groups, including those who are most vulnerable.

The second point relates to public policy. As you know, there is a lot of anxiety about universal credit. Some of us have already experienced in our surgeries the effect of the way in which universal credit is provided on a monthly basis rather than reflecting the pattern of many people's pay, which can be on a two-weekly or weekly basis. That is causing considerable problems and indebtedness for people. Housing associations in my constituency tell me that it is already kicking in in terms of rent arrears building up and so on. Looking at the projections for what is likely to happen over the period of the roll-out as more and more people start to get shifted on to universal credit, are your systems and those of the organisations you fund sufficiently resilient to cope with that? We as Members of Parliament are certainly struggling to deal with constituents who come to us. They often come to us because they are indebted. We can refer them to these services, but are they geared up to deal with the volume of cases that are likely to come their way?

Charles Counsell: The first part of your question was about whether we can make information about the breakdown available to you. Unless there is any confidentiality reason why we cannot, absolutely we can.

In terms of the degree to which we and the organisations we work with to provide debt advice are ready for the roll-out of universal credit and the impact that it may have, that clearly is something that the major debt charities are putting a lot of focus on. I know from seeing it myself locally that you often see more complex cases than before, and those take time. We are aware of that. From our specific perspective, clearly we continue to fund debt advice, and we have made available on the website a universal credit tool that is designed to help people think and work their way through the process of coming on to universal credit. That has been designed with people who have been through the process—universal credit claimants—so that we can understand what it means in reality.

Q47 **Rushanara Ali:** That feature of the site is for members of the public who are likely to go to the website.

Charles Counsell: Absolutely.

Q48 **Rushanara Ali:** You mentioned earlier that you are not that worried about people not knowing the Money Advice Service because they can work through organisations that you support. Doesn't that contradict what you are saying now? If they are not aware of the Money Advice Service, why would my constituents go to your site to check how to prepare for universal credit?

Charles Counsell: I said two things. One was that, in terms of debt advice, we do not necessarily want them to know us; what we want them to know is where to get debt advice.

Rushanara Ali: I know, but if they don't know you, they don't know you.

Charles Counsell: The second thing I said was that we want them to be able to find specific things, whatever they might be. One of those is universal credit. If they Google "universal credit", as an example, we want to be up there so that they can come to find information about universal credit. It does not matter that it is the Money Advice Service. What they should know is that we are a free and impartial service.

Q49 **Rushanara Ali:** But do they know that? That is the question, given all the work that you have done in the past and the investment you have put in. Do they know that?

Charles Counsell: It is a fair challenge. We say it, and when they come on to the tools we say it. We believe that, when people use the tools, they believe they are free and impartial and they are satisfied with them. I cannot say that everyone does, but we certainly say it, and we keep saying it.

Q50 **Chair:** How do you compare for hits with Martin Lewis?

Charles Counsell: We are not in competition with Martin Lewis. I hope he has a lot, and I hope we have a lot.

Chair: I was just wondering what he would have done with £100 million in terms of advertising.

Q51 **Rushanara Ali:** I have one more question, which is about financial education. In the independent review in 2015, the Government recommended that you should invest more in financial education. In your briefing to the Committee, you said that "later this year MAS will begin the first steps towards a commissioning plan for interventions in financial education." There is a big time lag between 2015 and what you are proposing to do. Can you say a bit about why it has taken so long? Have you had programmes in place but not talked them up? If not, what are your plans and how ambitious are they?

Charles Counsell: We have done a number of things in this space, and it is a complex space and a very broad area. To start, we published what I think is a groundbreaking piece of research last year, which showed a number of things. First, it shows the direct link between an adult's ability to manage their money when they become an adult, and managing money in some form or another between the ages of three and seven. It showed that that is the most important link—between the ability to manage your money in later life, and education. So it is a really young age.

What does that mean? It means kids having some responsibility—perhaps given pocket money and helped to think about the choices they might have. Do I spend it all now? Do I save a little bit? How do I spend it? Getting involved in some of the decisions that are made by their parents.

And on the back of that, we have been conducting a project in Wales called Talk, Learn, Do. That is specifically focused on parents, because the other thing that research shows is that the single biggest influence on kids' ability—on adults' ability, ultimately—to manage their money is their parents. What Talk, Learn, Do does is work in conjunction with existing parenting classes and adds a module around how you help your kids to manage their money. It introduces this idea of where money comes from, how you might deal with things you want or things you need. It is very powerful. It is a trial, but it has been adopted quite widely across Wales. It is being fully evaluated and we will have the evaluation later in the year.

The importance of parents' influence on children is huge, and indeed the importance of—if I may say—the negative influence that parents may have in how they manage their money and the effect that has on kids is huge.

That is not to say, of course, that money management in schools isn't important as well—it absolutely is important.

One of the things that we have been working on is a large trial of Maths in Context, which is sort of about how you teach maths in schools. Can you, by delivering maths teaching in the context of real life, help people to be able to manage their money better? We are doing that in conjunction with an organisation called Young Money. It is a very large trial—

Q52 **Rushanara Ali:** How large is it? How many people?

David Haigh: It will affect in the region of 10,000 students. It is basically a randomised control trial so that we know whether it really has the impact that we fundamentally believe it will have, but we need the—

Q53 **Rushanara Ali:** What is the end goal? How many people? After you have done the trial, if it is successful and you decide to roll it out, how many people are you going to roll it out to and in which part of the country? How much will it cost, and who will pay for it?

David Haigh: To me, it is one of the most exciting things we are doing. If we can show that by teaching maths in a financial context you can improve maths attainment and improve levels of financial education and financial capability, you have suddenly got a hook to something that we know, for sure, that schools and Government care about, which is maths results. If we can show that works, our ambition is to have that rolled out across the whole country.

Q54 **Rushanara Ali:** Who would pay for it? Is it a co-financed initiative? And how much would it cost?

David Haigh: If you can embed it within existing lessons, the truth is that you strip out a lot of the resource costs. So not only is it a very scalable thing, but it taps into something that we know schools care about. You can potentially do it in a very cost-effective way. We need to go through the trial so we know whether it really has the impact that we hope it does. But if it does, it is potentially groundbreaking.

Q55 **Rushanara Ali:** You got co-operation from the Department for Education?

David Haigh: We have got co-operation from the schools that we are working with, so the Department for Education is aware.

Q56 **Rushanara Ali:** In the landscape of schooling, as you know, it is not easy then just to roll out a programme.

David Haigh: It is not easy. We are working on the project with an organisation called the Education Endowment Foundation, which is a think-tank—I think it is fair to say that the Department for Education is very interested in what comes out of there. It is an evidence-based approach. We are trying to prove that it will work and then we hope to influence schools—

Rushanara Ali: Great. Thank you.

Q57 **Chair:** Your commissioning strategy has plans to open up tendering to commercial partners. What kind of partners are we talking about?

Charles Counsell: This is the commissioning strategy for working-age people and for children and young people. It can vary, but it could well be financial services organisations or large employers. One thing we are currently looking at, for instance, which is quite exciting, is something called checkout savings. The idea of checkout savings is that when you come to the checkout and you have got whatever discount you have got, you might reinvest some of that discount in savings, or you might put some of the change into savings. The sorts of commercial partners for that sort of trial could be large retailers.

Q58 **Chair:** So kids are all going to get a Tesco card through this new organisation? Is that what you're saying?

Charles Counsell: No, that would be for working-age adults.

Q59 **Chair:** Are we talking the people who seem to like these contracts when they are given out, like Carillion and Capita? The Department for Work and Pensions favours ATOS. Are these the kinds of people you think are suitable as providers?

Charles Counsell: I think there is a difference here between the funding by organisations for things that are either core to what they do or part of what they want to do for the community, and organisations that are outsourced. These are not outsource arrangements.

Q60 **Chair:** It is not outsourcing of any kind?

Charles Counsell: These are not outsource arrangements, no.

David Haigh: To give you an example, if you think about the What Works Fund, which is commissioning a very small-scale pilot, we had 409 applications for that fund, and we agreed to fund 65. The vast majority—over 75%—were third sector organisations. The remaining organisations were either academic institutions like universities, or think-tanks.

Q61 **Chair:** That was in the past, but you have now built commercial providers into your strategy. You didn't have to specify that.

Charles Counsell: We didn't, but I think there is an important role for organisations. One of the principles of the What Works Fund is to look at both what works and interventions that might not work. It may well be that some of the interventions currently being conducted, for instance by the financial services industry, can find better ways of using the money that is currently being invested in programmes in schools and elsewhere.

Q62 **Chair:** In determining whether someone is suitable, you have to set standards with the FCA. If you are tendering out to commercial providers, will one of the criteria be the state of their pension fund, which obviously would rule out Capita and would have ruled out Carillion?

Charles Counsell: To be clear, are we talking about debt advice?

Q63 **Chair:** We are talking about any advice that you are contracting out.

Charles Counsell: The only advice we contract out is debt advice, where we issue grants to organisations. The change in the commissioning strategy is that we would include commercial organisations, but they would absolutely have to be regulated by the FCA in order for us to do that, and they would have to meet all the other criteria set out in the grant, but absolutely, like many of the charities, they would be regulated by the FCA.

Q64 **Chair:** So there is no possibility of anybody getting a contract where there are issues either with the pension fund or with how they lend money and create problems in the first place?

Charles Counsell: You can never say never, but in terms of providing debt advice, if I look at the lending of money, they don't lend money. They may manage money. For instance, through the FAIRshare model, which is a particular type of funding, the money passes through the charities that run the FAIRshare model to the various creditors in line with the agreement that has been reached with the creditors. They handle the money, and again, that is regulated by the FCA.

Q65 **Chair:** Just so there is no ambiguity, I want to make sure that there is no scenario such as we see with sport, where those who sell unhealthy products love to be associated with promoting sport. So I want to be certain that there is no possibility that anyone who is in any way involved in selling products to people or in running pension funds, where those people could get into problems, or are in problems, and that can be evidenced, will be involved in providing the same advice to the people who have been hit by these problems.

Charles Counsell: Any organisations we gave grants to would only be specialists in debt advice and would be regulated by the FCA.

Q66 **Chair:** Let us come finally to this question. This seems a bit blurry. You are answerable to the Secretary of State in DWP but you are funded via the FCA and the FCA has to agree your standards and various other things. You will remain accountable then to the FCA.

Charles Counsell: The FCA will, on the instruction of the DWP, levy for the single financial guidance body. You are right that any standards that the new body will set will be supervised by the FCA. I think that the FCA and the new body working closely has got to be absolutely the right thing.

Q67 **Chair:** Well, it's got to be the right but I just want to be clear, because as legislators we could intervene at even this late stage, before it was too late, to ensure that there was not a model that was flawed. I want to be clear that you do not think that there are any contradictions of any kind between being answerable to the DWP and yet being funded by and accountable at the same time to the FCA. Do you see any problems or any contradictions at all within these presumed arrangements?

Charles Counsell: If you draw the line so that the new body was answerable to the Treasury you might argue: does that mean that the pensions guidance is not going to be considered seriously by the new body and it will be lost? You have to draw a line somewhere. I think this is entirely workable. It will ultimately come down to making sure that the relationships are good between the organisations, that they keep talking to each other and, most importantly—most importantly—that the new body listens.

Q68 **Chair:** It sounds like you would welcome the opportunity, with these new arrangements, still to appear in front of this Committee or the full Treasury Committee.

Charles Counsell: Could you repeat the question?

Q69 **Chair:** I am trusting that you would welcome the opportunity, post-autumn, to appear again in front of this Committee or the full Treasury Committee, to be accountable in relation to those aspects that the FCA—

Charles Counsell: Absolutely.

Chair: On that basis, we will look forward to seeing you—I say you, who knows what this organisation is going to be called. You have probably heard what we are saying. There seems to be a consensus that someone might want to come up with a slightly more consumer-friendly name by the autumn. We look forward to seeing that organisation back here. Thank you very much for your attendance.