

2011/12 Business Plan

**We believe that the right money advice
can make a difference to people's lives.**

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Introduction from our Chairman

Not everyday, but most days, I think about money. It may simply be to see if the fuel at my local petrol station is a few pence per litre cheaper than at the one further down the road. It could be to check the balance of my current account to ensure it's sufficient to cover the direct debits due each month. If I'm in the fortunate position of there being a bit extra, I'll transfer it to a savings account with a better rate of interest. When the car insurance is up for renewal I'll log onto a comparison website to see if it's worth switching. At least once a year I'll set aside an hour or two to check my pension contributions, review different suppliers' tariffs for my utility bills, and see if I'm taking full advantage of the annual allowance for tax-free savings.

This is all good, sensible, straightforward money management. But I'm well aware it's not typical behaviour. Most people don't do this, or only do bits of it. We have a culture in this country at the moment that seriously downplays the life-enhancing potential of routine good money management. It may be because financial matters are seen as too difficult by some, too dull by others, or maybe not an immediate priority by people leading increasingly busy lives. Yet we know that if people feel in control of their finances they feel better off, have a greater sense of wellbeing, and are happier.

It's the ambitious goal of the Money Advice Service – as detailed in this business plan – to make managing money well as routine for millions of people as dealing with emails or deciding what to have for dinner.



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Gerard Lemos CMG
Chairman

Introduction from our Chief Executive

This first business plan for the Money Advice Service sets out our key priorities for 2011/12. Having now completed our transition phase as the Consumer Financial Education Body we emerge with a clear vision – to enhance people’s lives because they take control of their money as a matter of course – supported by a strong brand.

We have defined three strategic objectives: to make it the norm for people to manage money well, to achieve greater leverage from our work, and to operate effectively and authoritatively. The plan shows how we will deliver against those objectives over the next twelve months and highlights the importance we attach to measuring our progress and outcomes.

We begin the year by launching our new Money Advice Service brand and identity, which brings free, unbiased money advice to people online, over the phone and face-to-face across the UK. This is quickly followed by the launch of our new online health check which will provide people with a personal action plan to help them make the most of their money.

As the year progresses we will undertake a major review of our products and services to ensure we are delivering maximum value and impact. Recognising the importance of working with third-parties in support of our goals, we will also devote significant time and effort to ensuring we work with and engage key stakeholders across the industry, government, third sector and regulatory communities.

We have no illusions about the nature and scale of the task we are undertaking. Equally however, we are confident that by retaining a strong focus on our core strategic aims in the months and years ahead, we can make a real impact, helping people to better understand and manage their money, and live better and fuller lives as a result.



“We can make a real impact, helping people to better understand and manage their money, and live better and fuller lives as a result.”

Tony Hobman
Chief Executive



Who we are

We are the **Money Advice Service**, here to help you manage your money better. We give clear, unbiased information and money advice to help you make informed choices.

Our information and advice is available in print, online, over the phone and face-to-face. It is tailored to help you make choices at key points throughout your life, whatever your circumstances.

Launched as the Consumer Financial Education Body (CFEB) in April 2010, we are an independent organisation set up under the Financial Services Act 2010 to help people understand financial matters and manage their finances better.

The Act removed the 'public awareness' objective from the Financial Services Authority (FSA) and set out new, broader objectives for the Money Advice Service. These more accurately reflected the financial capability work the FSA was already doing and set a clearer direction for the Money Advice Service.

The Money Advice Service core statutory objectives:

- to enhance the understanding and knowledge of members of the public of financial matters (including the UK financial system), and
- to enhance the ability of members of the public to manage their own affairs.

The Act provides for a variety of possible funding sources including public funds, consumer credit licences and a levy on financial services firms regulated by the FSA. Last year we were funded entirely through the levy and we anticipate that all the activities covered by this business plan will also be funded from that source.

The challenge we face

Extensive consumer research confirms that financial capability in the UK can be significantly improved. The emerging science of behavioural economics also suggests that people do not always act in their 'rational best interest'. Many years of easy access to borrowing and credit has in particular done little to reinforce the benefits of saving, either for the short or long-term.

Research also shows that people's financial capability can be grouped into five distinct but related domains:

- **making ends meet**
- **keeping track of finances**
- **planning ahead**
- **choosing financial services, and**
- **staying informed about financial matters.**

To succeed in building financial capability in the UK, the Money Advice Service must develop and maintain a service that makes a demonstrable impact across all of these key components. In short, our task is to change consumer behaviour.

We have learnt from the FSA's work on financial capability over the past five years. Implementing the lessons learnt in a new approach will be crucial to success in the future. Although the scale of the task is significant and complex, the Money Advice Service can make a big impact in the years ahead. This business plan sets out how we will focus and prioritise our effort and resources for the next 12 months, as well as how this fits in with our longer-term strategic framework.

Our task is
to change
consumer
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Our vision and strategy

As a recently independent organisation with an exciting and ambitious new remit, we have developed a brief but encompassing vision statement to reflect this:

We enhance people's lives because they take control of their money as a matter of course.

In order to deliver this vision we have established three core strategic aims. They are closely interrelated providing a structured basis for describing, resourcing and prioritising our work. Our mission will not be achieved without progress on all three, though the first is by far the most important, enabled by the other two:

1.

To make it the norm for people to manage money well

by making a demonstrable impact on people's behaviour and on society as a result.

2.

To achieve greater leverage from our work

by working with and influencing the financial services industry, regulatory and public policy agendas.

3.

To operate effectively and authoritatively

by creating an efficient, well-run and continually improving organisation with the right values, skills, competencies and resources to succeed in the task.

Implications for our work and approach

Helping to generate a new social norm for personal financial management will require sustained and coordinated development effort over several years. It will require us to develop and maintain a widely recognised, universally applicable, clearly branded 'retail' financial advice service.

This service will need to be authoritative and independent and delivered through cost-effective, high-reach channels. It will also need to be customer rather than information-centric and to focus on customers' aspirations rather than just their problems. It must enable and encourage action without preaching or patronising. And we must listen to our stakeholders and take on board their feedback. We intend that this renewed effort will have a much higher public profile than what has gone before.

Implementing the latest findings from behavioural economics on how to change behaviour, to encourage and incentivise people to take our (unregulated) advice, and to act in their best long-term financial interests, will help us build that kind of service. This, together with other research data, horizon-scanning and direct feedback from our large group of customers, online, on the telephone and face-to-face, will help us both to develop and improve our own service and to identify the principal issues that will shape our dialogue with our stakeholders in financial services, regulators, government and the public policy arena.

We will channel this two-way flow of information through the establishment of two advisory groups: one to represent the voice and interests of consumers and the other to harness the views and insight of the financial services industry.

The Thoresen Report on Generic Financial Advice recognised that everyone can be vulnerable at some stage in their life to poor understanding or management of their money. To engage with and impact on as many people as possible, we need products and services that are relevant across a range of key life-stages and segments. They need to be delivered or accessible at the right time and through the best channel for an individual's life-style or circumstances.

"This service will need to be authoritative and independent and delivered through cost-effective, high-reach channels."

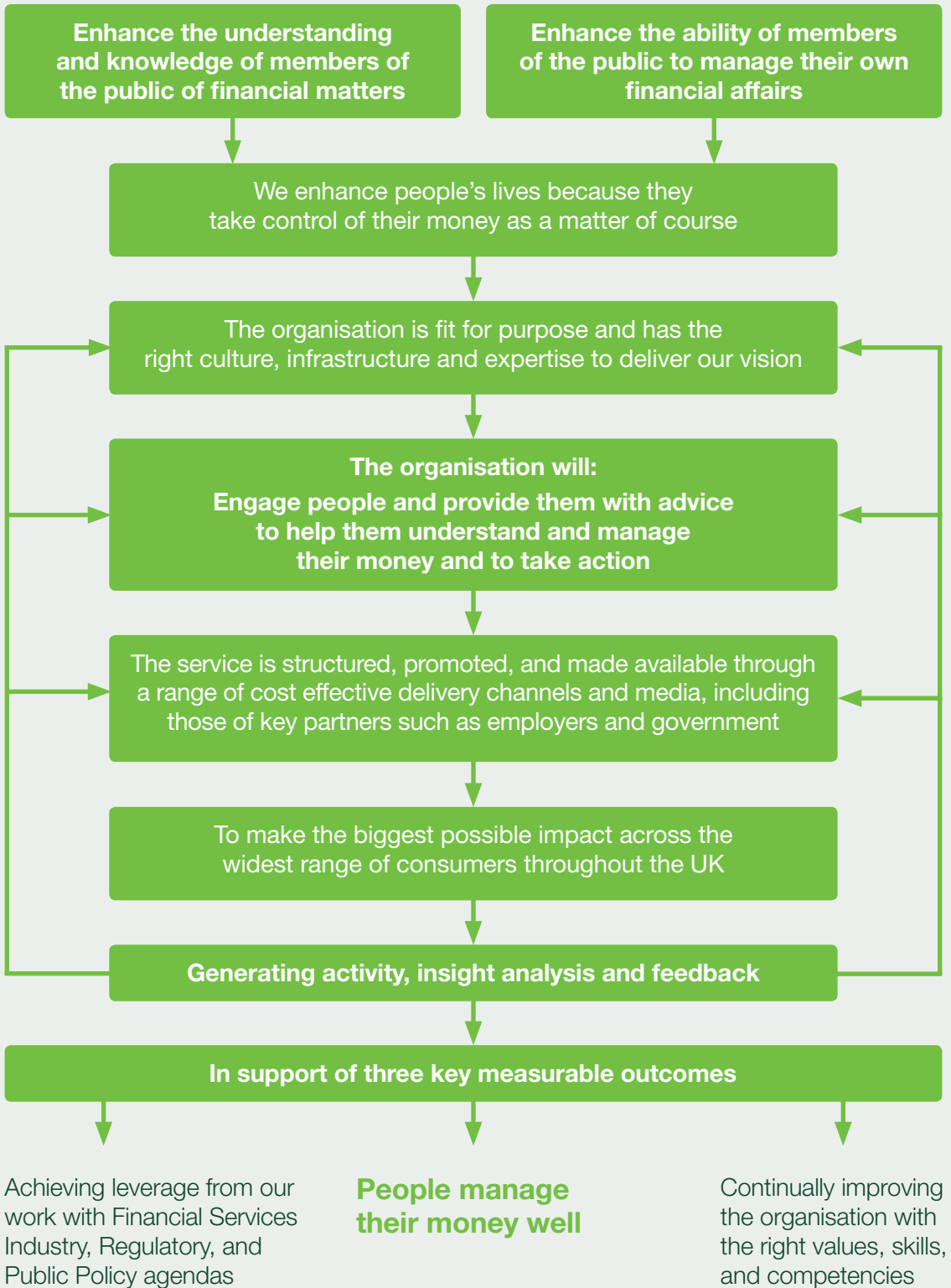
We already work with public, private and third sector partners. We intend to bring this work together in a more strategic way. In addition to our new advisory groups we will also be developing a membership model to share the knowledge and good practice we acquire with levy payers and other key stakeholders. This way of working will be the most effective means to influence public and regulatory policy and industry good practice.

Sharing our knowledge and working collaboratively with the financial services industry is in their interest as well as their customers. Not only will the Money Advice Service create more confident and active consumers of financial products, it will also articulate clearly what regulated advice services exist, what the different types of advisors and product providers are, and how consumers can access and assess them.

Given the magnitude of the task, we will also seek to harness the reach and impact of key partners, for example major employers and government, to help distribute our content and services.

We recognise the need to achieve worthwhile outcomes, going beyond worthy inputs and desirable outputs. In particular, we must demonstrate value for money. This will mean continuing to develop impact metrics which, for example, measure the changes in behaviour of the people that encounter our products and services when compared with the population at large.

“We will articulate clearly what regulated advice services exist, what the different types of advisors and product providers are, and how consumers can access and assess them.”



Priorities for the year ahead

2010/11 was a year of transition. Much of the last 12 months has been taken up with completing the FSA's five-year Delivering Change strategic initiative. In parallel we also began to lay the ground for our operational independence from the FSA and prepare for the launch of our new Money Advice Service (which will involve a full re-branding of CFEB covering all our products and services).

The next 12 months will be focused on creating a recognisable brand presence for the Money Advice Service, reviewing, developing and delivering our priority products and services for customers and stakeholders and ensuring that the organisation is operationally independent and robust.

In Spring we plan to launch the multi-channelled Money Advice Service across the UK, with an online health check as a core component of it. This will mark the beginning of a continuous and intense development programme during the remainder of the year and into 2012 and beyond, creating an innovative online customer journey that is geared towards clear recommendations for action and which encourages customers to frequently update their knowledge and review their decisions.

Developing our new offer will be iterative, and we will build on the best of our existing products (the current Divorce and Separation website, for example), and initial versions of the online health check and other products, to develop and refine our future service offerings. The online health check will be developed over time (as part of our new service to young people for example) as will additional digital functionality to support financial planning and money management.

Although we will start the year with a range of established (mainly print-based and online) products and services to support the Money Advice Service, and will deploy these as efficiently and effectively as possible, we will be undertaking a major review of all our products, services, and delivery channels as well as the segmentation and communications activity that underpins them, during the course of 2011.

This review will ensure that we maximise the reach, impact and value-for-money of our outputs and ensure that customers have access to the right advice and services in the right place and at the right time. As well as stimulating the creation of innovative, new (primarily digital) products and functionality, the review will also lead to the withdrawal of those established products and services that have reached the end of their life cycle or that no longer support our core strategic aims. Equally, it will ensure that we make the most of those products and insights that have already been developed, where they have proved effective.

During 2011/12, we will bring more structure and focus to our interaction with key stakeholders and partners. This will mean developing and maintaining as required:

- **data collection**
- **knowledge management systems**
- **processes to measure progress, and**
- **the monitoring of trends and issues on behalf of consumers, levy-payers, policy-makers and the wider regulatory system.**

This process will also have the benefit of enhancing our authority, reputation and therefore influence in matters of personal money management, both in the UK and abroad.

Whilst we have already laid the foundations for full operational independence from the FSA, we will be working throughout the year ahead to ensure that all key support services, including Finance, Human Resources, IT, and Facilities, are either resourced in-house or out-sourced as appropriate. This is particularly important as our present accommodation arrangements on the FSA's estate run until November 2011, by which time we plan to have relocated.

Given the pace, scale and complexity of change required to deliver against our core strategic aims, we will be managing and coordinating all of our key development activities through a formal change programme. This work will be supported by a robust project and governance structure across the whole organisation to monitor progress and quality, manage risks and ensure the delivery of fit-for-purpose end products.



Measuring progress and outcomes

As well as establishing and maintaining governance and oversight mechanisms within the organisation to ensure the timely delivery of key outputs, significant effort will be focused during the year on establishing a suite of robust outcome metrics against which to monitor progress against our strategic aims.

Given our new strategic focus and the comprehensive review of our products and services during 2011/12, many of our key outcome metrics will be developed during the course of the year and, in most cases, we will be base-lining new measures.

Because of the importance we attach to our relations with key partners and stakeholders, we will also be undertaking the first annual survey to determine and base-line their views of our role, influence and performance.

We recognise that reach (the number of people who have contact with or who are aware of the Money Advice Service) is an important factor in meeting our strategic aims given our much wider definition of financial vulnerability. Our UK-wide face-to-face channel, for example, is targeted to deliver between 75,000 to 90,000 money advice sessions during 2011/12.

But the reach we achieve only has value if we can show our interventions also promote action, and we will continue as a priority to develop ways of measuring the impact that our products and services have on those who use them.

During 2010/11 we achieved over 1,500,000 contacts across a number of our key products and delivery channels, with current research confirming 45% of these users will have received completely new information and 8% of these will have taken specific actions.

Prior to our product and delivery channel reviews in 2011/12, we would expect to at least maintain this percentage of impact to contacts and, following the reviews, to flex this target as appropriate and to set additional targets, which will in turn underpin our business plans for 2012/13 and beyond.

We are launching a new online health check to help people make the most of their money. By answering some straightforward questions users will get a personal action plan to help them identify and address their money priorities. We aim to achieve 500,000 visits to the health check during the course of this year, with six out of ten leading to a personal action plan. We will also be establishing a clear baseline for the proportion of users who then go on to take specific action as a result.



Annex 1

2011/12 Priorities

Statutory objectives	Strategic outcomes
Enhance the ability of members of the public to manage their own financial affairs	To make it the norm for people to manage their money well
	To achieve greater leverage from our work
Enhance the understanding and knowledge of members of the public of financial matters	To operate effectively and authoritatively

Year 1 key activities	Timescales
We will launch in Spring the Money Advice Service as a universal, multi-channelled, free, impartial financial advice service, including an online health check	By end Q1
We will undertake a major review of our products, services and delivery channels to ensure we maximise reach, impact and action and achieve value for money	Q2 – Q3
Following the review we will develop and maintain a suite of tailored products and services for people at key life stages and events, focussing in particular on our digital offerings	Q3 onwards
We will build usage and recognition of the Money Advice Service through a year long programme of promotional activity and partnership working	Q1 onwards
We will develop (and deploy*) data collection, knowledge management and horizon scanning systems	Q1 onwards / *Q2 onwards
We will develop (and deploy*) a comprehensive external relations and stakeholder engagement strategy, including the establishment of consumer and industry advisory groups	Q1 onwards / *Q2 onwards
We will achieve full operational independence from the FSA	By end Q4
We will establish a robust measurement suite to monitor and guide our progress	Q1 – Q3
We will undertake an organisation-wide change programme to ensure the organisation is fit for purpose to deliver against our vision	Q1 – Q4

Annex 2

2011/12 budget

A summary of our 2011/12 approved budget is set out below. This analysis represents our best initial estimate of the relative spend in defined areas of activity.

Given the major review of our products and channels that will take place in Q2, it is likely that this budget distribution will be readjusted during the course of the year.

Staff and associated costs	£13,474,000
Core operational and change costs	£5,363,000
FSA/CFEB IT transition costs	£750,000
Non-digital delivery (including face-to-face, telephone and print)	£9,743,000
Web and digital development and delivery	£3,443,000
Online health check development and delivery	£2,081,000
All other product and service development	£1,471,000
Research and evaluation	£2,300,000
Monitoring and information	£525,000
Communications and marketing	£4,585,000
	£43,735,000



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