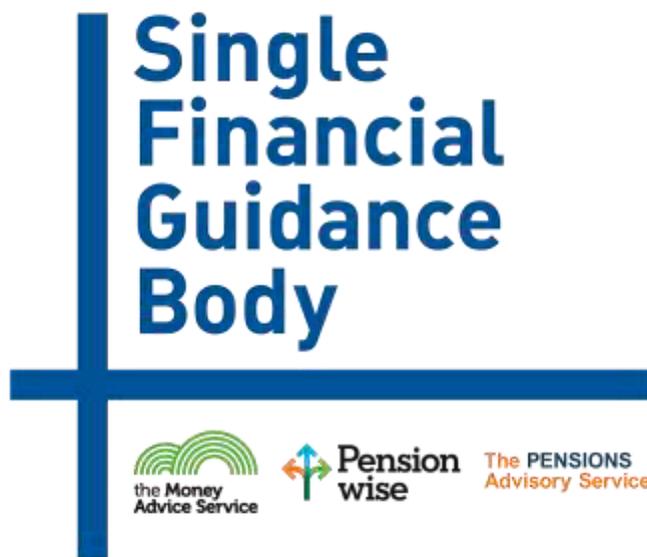


Single Financial Guidance Body

Annual Report and Accounts for the period ended 31 March 2019



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Annual Report and Accounts for the period ended 31 March 2019

Presented to Parliament pursuant to the Financial Guidance and Claims Act 2018 section 1(2) and Schedule 1 paragraph 14.

Ordered by the House of Commons to be printed on 12 March 2020

HC 113

OGL

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Performance Report

Overview

The Single Financial Guidance Body (SFGB) was formed on 1 October 2018, established by the Financial Guidance and Claims Act 2018. On 1 January 2019, it came into operation and took on the responsibilities of:

- The Money Advice Service (MAS)
- The Pensions Advisory Service (TPAS)
- Pension Wise

MAS, TPAS and Pension Wise services provide support and guidance for people looking to talk about money, debt and pensions.

Although the organisation was formally known as the SFGB for the period ending 31st March 2019 it was renamed The Money and Pensions Service (MaPS) in April 2019. For activity undertaken during the reporting period, we have referred to SFGB. For activity in progress or planned in the future, we have referred to MaPS.

MaPS is an arm's-length executive non-departmental public body sponsored by the Department for Work and Pensions (DWP), with whom we also work with, on Pensions policy. We also work with HM Treasury on policy matters relating to financial capability and debt advice. MaPS's mission is to ensure everyone in the UK can easily access the information they need to make the right financial decisions for them throughout their lives, making the most of their money and pensions. MaPS is the largest single funder of debt advice in England and also works alongside partners across the UK to make debt advice easier and quicker to access, and to improve standards and quality across the sector. We lead innovation by managing an extensive research and evaluation programme to help underpin decision-making related to financial wellbeing. We are the only provider of free and impartial advice on pensions.

SFGB set-up and transition period

In the transition period between October and December 2018, the SFGB Programme ensured business critical functions were in place, and that the obligations set out in the Financial Guidance and Claims Act were met, when the organisation commenced operations on 1 January 2019. Transformation work ran in parallel and through to March 2019 to bring together the SFGB as one organisation.

The transition and transformation programmes included a focus on organisational structure and leadership, commercial and procurement, stakeholder engagement, people and internal engagement, and compliance and governance.

Performance Analysis

Between October and December 2018, a range of activities were completed to ensure the following arrangements were in place to ensure organisational readiness on 1 January 2019:

- Governance

- Insurance
- Finance, payments (including payroll), procurement and spend controls
- Assets transfer
- Data transfer and compliance
- People (including staff transfer, manuals, duty of care and HR policies)
- Communications

In addition, the Financial Guidance and Claims Act devolved debt advice commissioning responsibility to the Scotland, Wales and Northern Ireland devolved administrations. The SFGB's mandate was to provide free and impartial debt advice in England only, whereas previously MAS held this responsibility throughout the UK. In the run up to the commencement of the SFGB, through consultation with the devolved administrations, existing MAS grants and contracts for the delivery of debt advice in each nation were passed to the devolved administrations under a transfer agreement. This also included proportionate allocations for UK-wide delivery services. Budgets were passed to the relevant devolved administrations accordingly.

In December 2018, the Financial Conduct Authority approved the interim standards which allowed the SFGB to meet its statutory obligations when it began to deliver advice and guidance. These standards were published in compliance with the Financial Guidance and Claims Act.

On 1 January 2019, the SFGB took on the delivery of services from MAS, TPAS and Pension Wise. All delivery targets for the period ended 31 March 2019 were met.

Customer Sessions (1 January - 31 March 2019)	Target	Actual	Variance
MAS (Debt Advice)	138,261	142,952	+3%
MAS (Money Guidance)	47,446	47,612	+0%
TPAS	53,980	57,837	+7%
Pension Wise	37,500	46,228	+23%

[MAS \(Debt Advice\)](#)

From the quarterly sample survey of funded debt advice clients whose cases closed within the previous three to six months, 93% of clients progressed at least one action as a result of advice and 64% progressed all agreed actions. 75% felt more in control of their financial situation as a result of advice. 64% said the advice or information they received resolved the problems they asked about.

[MAS \(Money Guidance\)](#)

83% of surveyed customers agreed that the MAS money guidance contact centre provided them with the information they required. As this is based on a sampled survey, statistical analysis shows that the results would fall between 80% to 86% if all customers were surveyed. The small sample size of the exit poll places limitations on more detailed analysis.

Other measures of customer satisfaction remained high: 94% would recommend the service to a friend or relative, 92% would use the service again and 89% felt the call was helpful.

TPAS

91% of TPAS calls, webchats and cases assessed were of a good or very good standard.

From the customer satisfaction survey, 88% were satisfied or very satisfied with the guidance they had received. Overall other measures suggested a positive customer experience: 100% stated that they would recommend the service to a friend or family member, 77% stated that they felt more confident as a result of the guidance, and 98% stated that they intended to act on the guidance they had received.

Pension Wise

Pension Wise achieved a 94% quality score and 97% of surveyed customers reported satisfaction with the service they received.

Throughout the period between October 2018 and March 2019, key business priorities for 2019/20 were agreed. These were published in April 2019 in MaPS's 2019/20 Business Plan.

Chair's Foreword

I believe strongly in the vision of the Single Financial Guidance Body, now Money and Pensions Service – a society where everyone makes the most of their money and pensions. A population that can manage its money and pensions well is essential, both for the economy and for society.

In the first few months of the life of this organisation our focus has been to provide both a consistent service and a vision for the future during a time of rapid change. Since October 2018, we have combined three organisations – The Money Advice Service, The Pensions Advisory Service and Pension Wise – and worked to ensure our compliance with the Financial Guidance and Claims Act 2018. This transitional work has taken place alongside the provision of continued service to customers.

The organisation has been set up to reflect the new vision and its status as an arm's-length executive non-departmental public body of government. Systems and accommodation have been consolidated, and a new integrated brand has been launched. I thank the board, the executive leadership team, our stakeholders and all my colleagues for their focus and commitment during this time of transition.

The service has met or exceeded quarterly targets for money guidance, debt advice, and pensions freedoms and guidance sessions, and achieved high customer satisfaction results. This speaks to the resilience and professionalism of the team:

- 94% of customers surveyed would recommend our money guidance service to a friend or relative
- 100% stated that they would recommend our pensions guidance service to a friend or family member
- our pensions freedoms support for over 50s achieved a 94% quality score, and
- 93% of clients progressed at least one action as a result of debt advice and 64% progressed all agreed actions.

This speaks to the resilience and professionalism of the team and I am delighted by these results.

In March 2019 it was confirmed that we would take on responsibility for delivering the pensions dashboard, starting Summer 2019. This affords another opportunity to work closely with a range of sectors. It is a unique opportunity to develop an accessible tool for people to access and manage their pensions.

The service is working as one organisation to deliver a more integrated service for customers throughout their financial lives - from pocket money to pensions. The focus of the board going forward is to facilitate this customer-centric approach and to raise awareness of the importance of financial wellbeing. We will achieve this by developing and mobilising a UK strategy and establishing the importance of financial wellbeing as a top priority, raising its awareness in society to a level comparable to that of mental and physical health. Together, we can make a meaningful difference to the lives of millions of people.



Sir Hector Sants, Chair

Date: 5 February 2020

Chief Executive's Introduction

I am so proud of how well my colleagues have come together to deliver great customer service and far-reaching projects while taking on the challenges of establishing a new organisation. While this transition has posed challenges, the service continues not only to provide a high quality of guidance and debt advice, but to partner with a variety of organisations throughout the UK and, through the listening phase, develop a vision for the next decade.

This year, we have integrated three organisations with unique cultures, customers, processes, locations and systems. I would like to thank the board and my colleagues for engaging with this process with patience, good humour and collaborative spirit, which cannot be underestimated.

Another focus of this transitional phase is streamlining resources to provide further value for money. We have been able to do this while continuing to deliver an effective and high-quality service while bringing the economic benefits of integrating the three organisations.

I look forward to continued collaboration and partnership with colleagues and stakeholders across the UK as we work together to deliver improved financial wellbeing.



Caroline Siarkiewicz, CEO
Date: 5 February 2020

Accountability Report

Directors’ Report for the period ended 31st March 2019

Corporate governance

The Directors of the SFGB present their report, together with the audited financial statements on pages 44 to 47 and associated notes on pages 48 to 63 for the period ended 31 March 2019.

Principle Activities

The SFGB was created as an arm’s-length executive non-departmental public body, sponsored by the DWP. The Financial Guidance and Claims Act 2018 created the SFGB, which was established on 1 October 2018. Under the Act, transfer schemes transferred all the staff, property, rights and liabilities of the Money Advice Service, The Pensions Advisory Service and Pension Wise to the SFGB on 31 December 2018.

The SFGB was renamed on 6 April 2019 as the Money and Pensions Service. This was done under the Financial Guidance and Claims Act 2018 (Name and Consequential Amendments) Regulations 2019

We have five core functions:

Pensions guidance
We provide information and guidance to people about workplace and personal pensions through expert help via our phone line and website
Debt advice
We provide people with information and advice on debt and, in England, are the biggest funder of free debt advice. Delivery is via partner organisations, on-line, telephony and face to face.
Money guidance
We provide information and guidance designed to enhance people’s understanding and knowledge of financial matters and day-to-day money management skills through our website, our call centre and our webchat service.
Consumer Protection
We are working with Government and the Financial Conduct Authority (FCA) in a new remit to protect consumers against financial scams. We will support the efforts of the wider financial services industry to protect consumers and begin to gather and share actionable insights to help the sector decide where best to prioritise its efforts.

Strategy

In January 2020 we published a UK Strategy for Financial Wellbeing, with the goal of driving significant, co-ordinated improvement in UK Citizens' financial wellbeing, building on the work of the Financial Capability Strategy for the UK.

Directors

The Non-Executive members of the Board of the SFGB were appointed by the Secretary of State for the DWP. The first Chief Executive Officer and Chief Financial Officer were also appointed by the Secretary of State for the DWP. Subsequent Executive appointments were made by the SFGB with approval of the Secretary of State for the DWP. The Directors of the Service who served during the period, together with their appointment dates, are shown below:

Non-Executives	Appointment Date	End of Current Term
Sir Hector Sants	Appointed 3 October 2018	30 September 2023
Mike Dailly	Appointed 1 October 2018	30 September 2020
Ann Harris	Appointed 1 October 2018	30 September 2020
Tim Jones	Appointed 1 October 2018	31 July 2021
Professor Elaine Kempson CBE	Appointed 1 October 2018	31 July 2022
Moray McDonald	Appointed 1 October 2018	31 July 2022

Executives	
John Govett, Chief Executive Officer	Appointed 1 October 2018 <i>Left on 14 June 2019</i>
Helen John, Chief Financial Officer	Appointed 1 October 2018 <i>Stood down as Chief Financial Officer on 26 April 2019. Left on 17 May 2019</i>
Justin Kenny, Chief Operating Officer	Appointed 25 February 2019 <i>Left on 24 May 2019</i>
Caroline Siarkiewicz, Chief Executive Officer	Appointed 15 June 2019 as Acting CEO. Appointed 27 January 2020 as CEO
Steve Buckingham, Chief Financial Officer	Appointed 29 April 2019

Further details of the SFGB's Directors are included in our governance statement for the period ended 31 March 2019 (see page 17).

Freedom of Information

Under the Freedom of Information Act 2000 (FOI Act), anybody may request information from a public authority which has functions in England, Wales and/or Northern Ireland. The FOI Act requires that all requests are in writing (this does include emails), stating clearly what information is required with the name of the applicant and an address for correspondence. The Money and Pensions Service provides guidance on how it handles Freedom of Information requests on its website.

Disclosure of information to the auditor

Each of the Directors in office, at the date the Strategic and Directors' Report is approved, confirms that:

- a) so far as the Director is aware, there is no relevant audit information of which the Service's auditors are unaware.
- b) it is expected that the Director has taken all the steps that he/she ought to have taken as a Director in order to make him/her aware of any relevant audit information and to establish that the Service's auditors are aware of that information.

External auditors

Under the Financial Guidance and Claims Act 2018 the Comptroller and Auditor General (C&AG) was appointed the statutory auditor of the Service.

Internal auditors

The SFGB undertakes regular internal audits to ensure that the organisation benefits from ongoing improvements in efficiency, effectiveness and control. Mazars were appointed to provide internal audit services to the Service in March 2019 until March 2020. A programme of internal audits will be agreed by the Audit, Risk and Assurance Committee, and will be undertaken and reported to the Committee during the year.

The following audits were performed during 2018/19:

- Payroll readiness for Day 1
- Financial Control Framework
- Financial Forecasting

Political donations and political expenditure

The Service has not made any political donations for the period ended 31 March 2019.

The Directors' Report was approved by the Board on 14 January 2020.

Statement of Accounting Officer's Responsibilities



Statement of Accounting Officer's Responsibilities

Under the Financial Guidance and Claims Act 2018, the Secretary of State for Work and Pensions has directed the SFGB to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the SFGB and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Secretary of State for Work and Pensions, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts;
- prepare the accounts on a going concern basis; and
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the SFGB's assets, are set out in Managing Public Money published by HM Treasury.

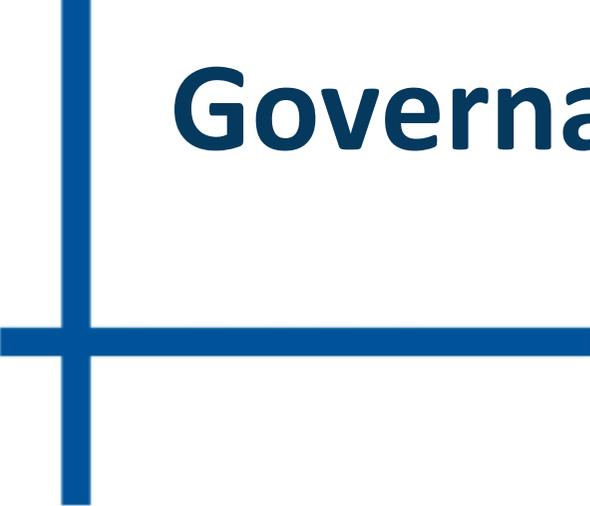
The DWP Principal Accounting Officer has designated the Chief Executive as Accounting Officer of the SFGB. As the Accounting Officer for the successor organisation, I have received written assurance from the Accounting Officer during the period of these accounts that he had taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that SFGB's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.



Caroline Siarkiewicz

Accounting Officer

Date: 5 February 2020



Governance Statement

Governance Statement

Scope of responsibility

John Govett, former Chief Executive Officer, held the Accounting Officer role from 1 October 2018 until 14 June 2019. I became Accounting Officer on my appointment as Acting Chief Executive Officer on 15 June 2019, and I have received written assurance from my predecessor in respect of the period ended 31 March 2019.

As Accounting Officer for the SFGB, my responsibilities include ensuring the propriety and regularity of our public finances, keeping proper records, and safeguarding our assets. These are set out in 'Managing Public Money' published by Her Majesty's Treasury (HMT). I am accountable (through the DWP Principal Accounting Officer) to Parliament.

I can also confirm that all transactions and balances included in the SFGB 2018/19 financial statements were recognised in accordance with the relevant legislation and International Financial Reporting Standards (IFRS) as adopted by the European Union.

I also confirm to the best of my knowledge and belief, based on the written assurances of my predecessor, and having made the appropriate enquiries:

- all transactions undertaken have been properly reflected and recorded in the financial statements, and all material liabilities, both actual and contingent, and all material guarantees that we have given to third parties, including oral guarantees made by the Service and the group on behalf of an affiliate, Director, officer of any other third party, have been properly recorded or disclosed; and
- all significant assumptions used by us in making accounting estimates, including those surrounding measurement at fair value and review of impairments, are reasonable.

My assurance is based on the ongoing programme of work carried out by our internal audit function. I also have the added comfort of work carried out by external auditors on the SFGB's financial statements, whose work includes an assessment of the reasonableness of significant accounting estimates made by the Directors.

Overview

The Service is independent of the Department for Work and Pensions in carrying out its statutory function. However, the DWP ensures that the service is at all times capable of exercising its function and that it is operating within the framework agreement. The DWP and the Service communicate through regular meetings with the Service's Chair and quarterly meetings at senior management level.

The Chief Executive Officer is the accounting officer of the Service and is personally responsible for:

- Safeguarding the public funds for which he or she has charge
- Ensuring propriety and regularity in the handling of those public funds
- The day-to-day operations and management of the Service and
- Ensuring that the Service as a whole is run in accordance with the principles of 'Managing Public Money' (MPM)

Having reviewed the evidence provided from risk management and from the internal auditors' opinions, I am satisfied that the Service has maintained a sound system of internal control during the financial year 2018/19, operating effectively across the organisation, on which I can rely as Accounting Officer.

The Executive Leadership Team of the Money Advice Service were briefed in October 2018 on the responsibilities under which the new organisation (SFGB) would be expected to adhere to as an arm's length executive non-departmental body. For MAS this was a change of status as, whilst sponsored by FCA, they were classed as a company and not subject to MPM and Cabinet Office (CO) rules. On transfer to the SFGB; MAS, Pension Wise and TPAS were brought together under a new governance structure. Grants that had already been set up were novated to the SFGB with the same conditions as they had in MAS who were not subject to the same governance rules. All new transactions fell under a compliance review to ensure that they were in line with all the relevant government standards. However, not all novated transactions were reviewed and there has been 1 example where compliance with the regularity framework has been met through a subsequent retrospective approval.

MaPS have built both capacity and capability into their emerging ELT and Senior Leadership Team (SLT) and are embedding policies and compliance across the organisation to ensure the regularity framework is in place for 19/20

Governance Framework of the SFGB

The Board and its committees



Sir Hector Sants
Chairman

Since retiring from full time employment, Hector has been working to help people manage their money as well as circumstances allow and promoting a fairer financial system which works for everyone.

He is currently a trustee of Just Finance, a charity which collaborates with The Church of England to promote a fairer financial system.

Before becoming Chair of the SFGB, Hector was Chair of StepChange, the UK's largest debt advice charity. He brings vast knowledge and experience to the SFGB having spent more than 30 years working in financial services and regulation, including serving as CEO of the Financial Services Authority, European CEO of Credit Suisse and Head of Compliance at Barclays. Outside of financial services his work has included Chairing the Oxford University Said Business School and being an NHS non-executive director.



Caroline Siarkiewicz
Chief Executive Officer

Caroline joined the SFGB from the Money Advice Service, where she was Head of UK Debt Advice, responsible for developing the sector's target operating model and building industry partnerships to support the development of the debt advice quality frameworks and the standard financial statement. Previously she was the Chief Executive Officer of the Institute of Money Advisers and has a wealth of commissioning experience.



Steve Buckingham ACMA
CGMA

Chief Financial Officer

Steve joined us from the DWP, where he was their Business Finance Director, having previously held roles as Head of Finance in Jobcentre Plus, Finance and Commercial Director at the Child Maintenance Enforcement Commission, and Director for DWP Housing Delivery and Operations Finance. Steve started his career at BT Group Plc, where he qualified as a Chartered Management Accountant and worked in a variety of finance roles supporting their retail, marketing, sales, product development, and billing and credit management organisations.



Ann Harris OBE, CPFA (Non-Executive Director and Chair, Audit and Risk Assurance Committee)

Before joining the SFGB Board, Ann was the Chair and a Non-Executive Director of The Pensions Advisory Service (TPAS). She previously worked for 40 years as a civil servant, latterly holding senior civil service roles in finance and programme management. She was awarded an OBE in 2009, for her services to the DWP. Ann's roles outside the DWP include the Executive Director for the 4th National Lottery competition, Chair of St Paul's Estate management company, Chair of Dunstable and District Citizens Advice and a High-Risk Review Team Leader for the Infrastructure and Projects Authority.



Mike Dailly (Non-Executive Director and Chair, Remuneration and People Committee)

Before joining the SFGB Board, Mike was a Non-Executive Director of the Money Advice Service, and chair of their Remuneration Committee. Mike is the Director of a not-for-profit advice centre and a court lawyer with around 25 years' experience of advocating for consumers and vulnerable people in financial difficulty. He is a Solicitor Advocate, and an experienced non-executive director. He is a Non-Executive Director of the Scottish Housing Regulator. Mike is a member of the European Banking Authority's Stakeholder Group and a visiting lecturer at the University of Glasgow. He was a member of the Financial Conduct Authority's Consumer Panel from 2009 to 2015 and chaired its working group advising the FCA on the regulation of retail banking, mortgages and general insurance. He has been a member of HM Treasury/BIS Future Regulation of Consumer Credit Stakeholder Forum, FSCS Advisory Panel and Chaired the UK Valuation Commission's Residential Cross-sector Group for the Royal Institution of Chartered Surveyors. He was awarded the title "Scottish Solicitor of the Year" at the Law Awards of Scotland in 2007 and 2011.



Tim Jones (Non-Executive Director and Chair, Finance and Investment Committee)

Tim is a financial services executive with experience spanning payment systems, retail banking, pensions and institutional stockbroking. Tim is Global Ambassador for the Tibado digital cash solution, and serves as an Independent Director at ITG Inc., an institutional broker-dealer in New York. Previous roles include: CEO of The Personal Accounts Delivery Authority (PADA) and the National Employment Savings Trust (NEST) for the Department for Work and Pensions. Earlier in his career, Tim spent 17 years at NatWest.



Moray McDonald (Non-Executive Director)

Moray has worked across retail and business financial services in the UK, Southern Europe and Asia for more than 30 years. He has contributed to financial policy through Australian and UK Central Bank enquiries, CMA Hearings and Treasury Select Committee appearances. He chaired the UK Council of Mortgage Lenders and was a member of the British Bankers Association/UK Finance Retail Board, delivering innovations such as open banking standards, current account switching and Digital Cheque Imaging.

His not-for-profit interests include chairing two Australian charities and, in 2017, forming an informal group with the CEOs of the 3 main UK Debt Advice charities to improve the Debt Advice journey for customers.



Professor Elaine Kempson (Non-Executive Director)

Emeritus Professor at the University of Bristol, Professor Elaine has nearly 30 years' experience of research and policy analysis on consumer behaviour and the provision of both government and commercial services. She was previously a consultant with both the World Bank and the OECD and carried out the first two independent reviews of the Banking Codes. She is currently a non-executive director of the Lending Standard Board and the Standard Life Foundation, she was also a member of the Money Advice Service Financial Capability Strategy Board. In 2007 Elaine was awarded a CBE for services to the financial services industry.

Executive Directors (non-voting Board members)



Jenny Liebenberg (Director for People, Culture and Skills)

Jenny joined the SFGB as the Director for People, Culture and Skills. She joins us from the Department for Work and Pensions where she was the HR Director for Digital. Making a real difference in the lives of real people is at the core of Jenny's values. She has spent the last 17 years in the Civil Service where she held senior positions in human resources, strategy, change, public policy and communications. She has worked in the Home Office, Ministry of Justice and the Department of Health and Social Care. Before emigrating from South Africa in 2002, Jenny worked in the private sector for civil engineering companies leading on communications and corporate social responsibility projects.



Sarah Porretta (Strategy and Insight Director)

Sarah joined us from the Money Advice Service where she led on corporate strategy and the financial capability strategy for the UK. She brings a significant understanding of industry needs and requirements to the SFGB. Before her role at MAS, she was Head of Financial Inclusion and Education at Lloyds Banking Group, where she created a group-wide strategy for financial inclusion and founded Money for Life - a UK-wide financial education programme. Sarah has also held senior positions at Cadbury and BAA.

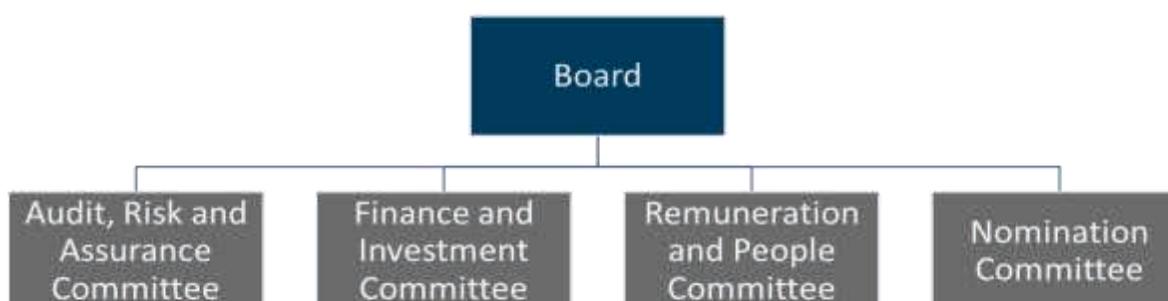


Bob McNinch (Digital, Marketing and IT Director)

After studying at the University of Salford, Bob worked in France, the USA and the UK. Before joining the SFGB management board, Bob was Director of Digital and Data at BT as well as Head of Ecommerce and Online User Experience at Vodafone. He has been at the forefront of using technology to positively transform how organisations improve their efficiency and marketing reach, at the same time as satisfying the expectations of an increasingly digital-savvy customers.



Governance Structure



The SFGB is governed by a Board, which is responsible for ensuring that the statutory objectives are carried out and that the Service is run in an appropriate and legal manner. Along with the Board, the Service also has a number of sub-committees which supervise the running of the organisation: Audit, Risk and Assurance Committee, Finance and Investment Committee, Remuneration and People Committee and Nominations Committee.

The Board structure at the end of the reporting period comprised the Chair, five non-executive directors, and two voting executive directors.

John Govett was Chief Executive and a member of the Board until 14 June 2019.

Helen John was Chief Financial Officer until 26 April 2019 and a member of the Board until 17 May 2019.

Justin Kenny was appointed as Chief Operating Officer and a member of the Board from 25 February to 24 May 2019.

Steve Buckingham joined the Board on taking up the position of Chief Financial Officer on 29 April 2019.

Caroline Siarkiewicz joined the Board as Acting Chief Executive and Accounting Officer on 15 June 2019. She was appointed Chief Executive Officer on 27 January 2020.

Board duties/responsibilities

The role of the Board is to take responsibility for the development and delivery of the SFGB's strategic vision, strategic and business plan, policies and services. It also monitors performance and holds the organisation to account. The Board also has the responsibility for setting and supporting the organisational values and ensuring that these values embody the Service's commitment to conduct business in accordance with the highest ethical standards and in compliance with all applicable laws, rules and regulations. Further details on the Board's responsibilities are available in its Terms of Reference.

The Board considered a number of key issues during the period to 31 March 2019 including:

- Governance (terms of reference, policies and procedures) for the new organisation, its board and sub-committees.
- Day 1 readiness and the transition of the Money Advice Service, The Pensions Advisory Service and Pension Wise
- Branding and renaming
- Agreeing with the FCA the standards for SFGB and its partners for the delivery of debt advice, money guidance and pensions guidance (including Pension Wise).
- 2019/20 budget and business plan
- Stakeholder engagement plan and the commencement of a listening phase, to inform the development in 2019/20 of the UK Strategy for Financial Wellbeing
- Assuming responsibility for the delivery of the Pensions Dashboard in Summer 2019.
- Consumer protection
- Executive appointments

Board performance

The Board met seven times during the period.

In May 2019, the Board and its committees agreed to conduct an internal evaluation, through an anonymous survey, of their effectiveness and performance for the period ended 31 March 2019. The results and any actions arising will be reviewed in the autumn of 2019. The Board recognised that this review would be very early but agreed to use this as a benchmark for the full-year review to be carried out in 2020/21.

The Non-Executive Directors embarked upon an induction programme and were involved in the business outside of Board meetings and attended meetings throughout the accounting period.

Board Sub-Committees

Audit, Risk and Assurance Committee

The Audit, Risk and Assurance Committee is chaired by Ann Harris. The Committee is responsible for reviewing and providing assurance to the Board on matters including the effectiveness of the SFGB's internal controls and risk management systems, the integrity of financial statements and for oversight of the external audit process. The Committee comprises three Non-Executive Directors appointed by the Board. The Chief Executive, Chief Financial Officer and other Executive Directors (as appropriate) and at least one representative of the external auditors, internal auditors and a DWP representative attend all meetings of the Committee.

The Committee met three times during the period and reviewed the letters of assurance from the transitioning organisations. As part of setting up the new organisation, the Committee drew up Terms of Reference, determined its' risk appetite and risk management policy. The Committee also reviewed internal and external audit reports and recommended to the Board appointment of internal auditors to March 2020. The Committee also reviewed and recommended the 2018/19 Money Advice Service and The Pension Advisory Service Annual Report and Accounts for approval by the Board.

Remuneration and People Committee

The Remuneration and People Committee is chaired by Mike Dailly, and its main responsibility is to make recommendations to the Chair and Board on remuneration decisions as well as HR policies. The Committee met twice in the period, and considered the structure and consultation for employees, and the harmonisation of employee contract terms. The Committee comprises four Non-Executive Directors appointed by the Board.

Finance and Investment Committee

The Finance and Investment Committee is chaired by Tim Jones. The Committee has delegated authority up to £1m. The Committee is primarily responsible for scrutinising the corporate plan, business plan and budgets; to monitor performance against budgets and value for money in all spending; and to oversee investment proposals, projects, procurement and management of key contracts.

The Committee has met formally three times in the period, and now has monthly meetings. The Committee comprises four Non-Executive Directors, and the Chief Executive Officer, Chief Financial Officer and Head of Procurement attend all meetings.

Nominations Committee

The Nomination Committee is chaired by the Sir Hector Sants. The Committee is responsible for:

- leading the process for board appointments and to make recommendations to the Board and to the Department for Work and Pensions;
- leading Board and committee effectiveness reviews; and
- setting the NED appraisal framework.

The Committee met once in the period and reviewed the Chairman's six-month performance; its terms of reference; and agreed to hold internal board and committee effectiveness reviews. The Committee comprises four Non-Executive Directors.

Board and Committees details for the period ended 31 March 2019

The Board and Board Committees met regularly during the year and details of the number of meetings held and attendance at those meetings is below.

Name	Board	Audit, Risk and Assurance	Finance & Investment	Remuneration & People	Nomination
Executive Directors	7	3	3	2	1
John Govettⁱ	7/7	3/3	3/3	2/2	-
Helen Johnⁱⁱ	7/7	3/3	3/3	-	-
Justin Kennyⁱⁱⁱ	1/1	-	-	-	-
Steve Buckingham^{iv}	-	-	-	-	-
Caroline Siarkiewicz^v	-	-	-	-	-
Non-Executive Directors					
Sir Hector Sants	C 7/7	-	2/3	-	C 1/1
Mike Dailly	7/7	3/3	-	C 2/2	-
Ann Harris	7/7	C 3/3	3/3	-	1/1
Tim Jones	6/7	-	C 3/3	2/2	1/1
Elaine Kempson	6/7	-	-	1/2	1/1
Moray McDonald	6/7	3/3	3/3	3/3	-

- C Chair
- ⁱ Left on 14 June 2019
- ⁱⁱ Left on 17 May 2019
- ⁱⁱⁱ Joined on 25 February 2019 and left on 24 May 2019
- ^{iv} Joined on 29 April 2019
- ^v Joined on 15 June 2019

Committee membership as at 31 March 2019

Name	Board	Audit, Risk and Assurance	Finance & Investment	Remuneration & People	Nomination
Non-Executive Directors					
Sir Hector Sants	C		✓		C
Mike Dailly	✓	✓		C	
Ann Harris ^S	✓	C	✓		✓
Tim Jones	✓		C	✓	✓
Elaine Kempson	✓			✓	✓
Moray McDonald	✓	✓	✓	✓	

C - Chair

^S – Senior Independent Director

Executive Leadership Team (ELT)

The corporate governance system of the Board and its committees is further supported by the Executive Leadership Team (ELT). The ELT supports the Board in the development of the Strategic Business plan and oversees the day-to-day management of the SFGB. ELT meetings are a forum for the Executive Directors to:

- Monitor and drive operational delivery.
- Take decisions about the allocation of finance and other resources within their delegated powers.
- Consider the risks to the SFGB and agree mitigating actions.
- Agree papers for submission to the Board and Committees.
- Deliver the 2018/19 Business Plan
- Provide leadership and people development

The ELT comprises the following:

Board Directors:

- Chief Executive (Chair)
- Chief Financial Officer

Executive Directors:

- Digital, Marketing and IT Director
- People, Culture and Skills Director
- Strategy and Insights Director
- Partnerships and Commissioning Director

The Director of Corporate Affairs attends ELT and other colleagues attend when required

Risk Management

The SFGB has a Risk Management Approach (RMA) document which has been approved by the Board. Within the RMA is our Risk Appetite Statement (RAS), the definitions used are consistent with those in the HM Treasury Guidance. The Audit, Risk and Assurance Committee (ARAC) will regularly review the risk management approach at the SFGB. The Board will review the RMA document on an annual basis as part of their wider review of governance mechanisms.

Internal Audit

The SFGB undertakes regular internal audits to ensure that the organisation benefits from ongoing improvements in efficiency, effectiveness and control. Mazars were appointed to provide internal audit services to the Service to March 2019. A programme of internal audits will be agreed by the Audit, Risk and Assurance Committee, and will be undertaken and reported to the Committee during the year.

The following audits were performed during 2018/19:

- Payroll readiness for Day 1
- Financial Control Framework
- Financial Forecasting

Information Security

In accordance with our responsibilities under the HMG Security Policy Framework and the Data Protection Act 2018 (incorporating GDPR), the SFGB has in place provisions for information security.

Information held by the SFGB in electronic or paper form, be it structured or unstructured, is one of the organisation's most vital and valuable assets and it is essential that this information is protected against the many threats that may compromise its confidentiality, integrity and availability. In addition, it is critical to ensure that the Service meets all required UK and EU legal compliance obligations to avoid the risk of litigation, potential brand damage and loss of public confidence in the service.

We take all reasonable steps to ensure suppliers abide by all relevant UK and EU legislation regarding information security, storage, handling and processing. The requirement to comply with this legislation is devolved to all employees, contractors, consultants and agents who may be held accountable for any breaches of information security for which they may be responsible.

The IT Strategy includes cyber security and how it is managed. Cyber security is on the strategic risk register and reviewed regularly by the ARAC. To confirm that best practices are maintained, systems are regularly tested.

Remuneration and Staff Report

Remuneration Policy

The policy for remuneration of the NEDs is set by the DWP. For the period they were remunerated for 30 days per year at £500 per day. The remuneration policy is reviewed annually by the SFGB Nomination Committee who review the appropriateness of those hours, and reports to the DWP

With regards to expenses, 120 Holborn is considered their normal place of work and payment of expenses for travel is taxable and the SFGB pay the tax. This is reviewed annually.

The remuneration policy for the Directors during the period was agreed and set by the DWP.

Directors' Service Contracts

Name	Date appointed	Contract end date	Notice Period
Executive Directors			
John Govett	01/10/2018	14/06/2019	6 months
Helen John	01/10/2018	17/05/2019	Secondee (DWP)
Justin Kenny	25/02/2019	24/05/2019	1 month
Non- Executive Directors			
Tim Jones	01/10/2018	31/12/2021	No Notice Period
Mike Dailly	01/10/2018	30/09/2020	No Notice Period
Ann Harris	01/10/2018	30/09/2020	No Notice Period
Elaine Kempson	01/10/2018	31/07/2022	No Notice Period
Moray McDonald	01/10/2018	31/07/2022	No Notice Period
Sir Hector Sants	3/10/2018	30/09/2023	No Notice Period

Directors' Remuneration

The information in this table is subject to audit.

Name	Note	Salary (£'000) for the period to March 31 2019	Bonus payments (£'000)	Benefits in kind (nearest £100)	Pension Benefits (nearest £1000)	Total Remuneration (£'000)
Executive						
John Govett	1	85-90	-	-	8	95-100
Helen John	2	45-50	-	-	63	105-110
Justin Kenny	3	35-40	-	-	-	35-40
Non-Executive						
Tim Jones	4	5-10	-	-	-	5-10
Mike Dailly	4	5-10	-	-	-	5-10
Ann Harris	4	5-10	-	-	-	5-10
Elaine Kempson	4	5-10	-	-	-	5-10
Moray McDonald	4	5-10	-	-	-	5-10
Sir Hector Sants	5	35-40	-	-	-	35-40

Notes:

- 1 John Govett's full time equivalent annual salary was £170-175k with pension benefits of £15-20k. An annual remuneration of £190-200k. John Govett elected not to become a member of the SFGB Pension Scheme.
- 2 Helen John was seconded from the DWP on a full time equivalent annual salary of £90-95k. In addition to the amounts disclosed in the table, for the period 1 October to 31 March 2019 the SFGB also paid the DWP for employers' national insurance of £6K, employer pension contributions of £11K, expenses of £1K and Value Added Tax of £13K. The value of pension benefits accrued during the period is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.
- 3 A fee was paid to Hays Specialist Recruitment Limited, a third party agency, for the services of Justin Kenny. The contract was for three months from 25 February 2019 to 24 May 2019. The full time equivalent annual salary was £400-405K. In addition to the amounts disclosed in the table for the period 1 October to 31 March 2019 the SFGB also paid Hays Value Added Tax of £8K.
- 4 The equivalent annual salaries for the Directors was £10-15K.
- 5 Sir Hector Sant's equivalent annual salary is £80-85k

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the SFGB and thus recorded in these accounts.

Executive Directors Pension

Director	Accrued pension at pension age as at March 31 2019 (£000)	Real Increase in pension and related lump sum at pension age (£000)	CETV at March 31 2019 (£000)	CETV at October 1 2018 (£000)	Real increase in CETV (£000)
Helen John	35 - 40 plus a lump sum of 85 - 90	2.5 - 5 plus a lump sum of 5 - 7.5	725	608	52

All pension benefits are quoted gross and do not take account of any actual or potential reduction to amounts received resulting from taxation which may be due when pension benefits are taken in excess of the lifetime allowance.

Where an executive director leaves or joins the SFGB part way through the year, the 'cash equivalent transfer value' column refers to the value at the date of joining or leaving.

Pay Multiples

The information in this table is subject to audit.

	£
Band of highest paid Director's annualised total remuneration	400,000 to 405,000
Median remuneration of the workforce	51,000
Multiple (ratio)	7.89

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The highest paid Director at 31 March 2019 was a three month interim appointment to assist in the formation of the SFGB. The multiple reflects the nature of this appointment. If the remuneration of the highest permanent director is used (£170-175K) the multiple would be 3.38.

Staff Report

Staff Costs

Staff costs	Note	Permanently employed staff (£'000)	Others (£'000)	2018-19 Total (£'000)
Wages and Salaries		3,699	1,695	5,394
Social Security Costs		420	-	420
Other Pension Costs		358	-	358
Sub total		4,477	1,695	6,172
Less recoveries in respect of outward secondments		(32)	-	(32)
Total net Costs	(i)	4,445	1,695	6,140

Note (i) – Total staff costs of £6,256 (Financial Statements Note 2) includes Board fees (£78k), Medical insurance (£31k) and Life Assurance (£7k) which are excluded from this table.

Average Number of Full Time Equivalent Persons Employed

Staff costs	Permanently employed staff – average numbers	Others – average numbers	2018-19 Total Staff Costs (£'000)
Directly employed	260.57	10.97	6,140
Other	-	-	-
Staff engaged on capital projects	-	-	-
Total	260.57	10.97	6,140

The average number of full-time equivalents has been calculated for the period 1 January to 31 March 2019 reflecting the transfer of staff from MAS and TPAS.

Pension arrangements

Pension benefits for staff appointed under SFGB and MAS contracts are provided by Aviva through the SFGB pension scheme. The pension benefits for most of the employees transferred from TPAS on 1 January 2019 are provided through the legacy Civil Service Pension arrangements.

SFGB Pension Scheme

The SFGB pension scheme is a workplace pension provided by Aviva. In the scheme the SFGB contributes twice the employee contribution up to 10% of the employee's basic salary.

Charges stand at 0.34% of the fund value per annum and there are no other charges except where a speciality or externally managed fund is chosen or in the event of a market value reduction being applied in relation to the With Profits Fund

Civil Service Pension arrangements

Legacy employee pension benefits were partly provided through the Civil Service Pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1

February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member’s accrued benefits and any contingent spouse’s pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Staff by Gender

The following table sets out the composition of staff headcount as at 31 March 2019 by gender.

Category	Female	Male	Total
Executive Directors	1	2	3
Directors	2	4	6
Staff	118	144	262
Total 2018-2019	121	150	271

Expenditure on Consultancy

The SFGB spent £552,714.00 on external consultancy to assist in developing the strategy, business plan and budgets for 2019/20 and mapping the provision of debt and money guidance and the introduction of the debt sector target operating model.

Off-payroll Engagements

All off-payroll engagements as of 31 March 2019, for more than £245 per day and that last for longer than six months:

	Total
The total number of existing engagements as of 31 March 2019	9
Of Which:	
The number that have existed for less than 1 year at time of reporting	6
The number that have existed for between 1 and 2 years at time of reporting	3
The number that have existed for between 2 and 3 years at time of reporting	-
The number that have existed for between 3 and 4 years at time of reporting	-
The number that have existed for 4 or more years at time of reporting.	-

All new off-payroll engagements, or those that reached six months in duration, between 1 October 2018 and 31 March 2019, for more than £245 per day and that last for longer than six months:

	Total
The number of new engagements, or those that reached 6 months in duration, during the period between 1 October 2018 and 31 March 2019	9
Of Which:	
The number of these engagements which were assessed as caught by IR35	-
The number of these engagements which were assessed as not caught by IR35	9
The number that were engaged directly (via PSC contracted to department) and are on the departmental payroll	-
The number that were reassessed for consistency / assurance purposes during the year whom assurance has been requested but not received	-
The number of engagements that saw a change to IR35 status following consistency review	-

All off-payroll engagements, outlined above, have been subject to risk-based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary, that assurance has been sought.

Board members and senior officials with significant financial responsibility between 1 October 2018 and 31 March 2019:

	Total
Off-payroll engagements	1
Total number of on-payroll and off-payroll engagements	3

The off-payroll engagement was for Justin Kenny, Chief Operating Officer and Director, recruited on an interim basis due to the transitional phase the SFGB was in and while the leadership structure was being determined. This followed an unsuccessful round of interviews for the interim role on a fixed term basis. The contract was for three months from 25 February 2019 to 24 May 2019 while further work was done on the organisational structure.

Sickness absence

The average number of days for all sickness per member of staff for the period was 1.7. This average compares favourably to the 2017/18 levels of staff sickness in the civil service, where the average was 6.9 days and favourably against the rest of the public sector where the rate is around 5.6 days.

Exit packages

The table below sets out exit packages for employed staff (subject to audit).

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
Less than £10,000	-	-	-
£10,000 - £25,000	-	-	-
£25,000 - £50,000	1	-	1
£50,000 - £100,000	-	-	-
£100,000 - £150,000	-	-	-
£150,000 - £200,000	-	-	-
Total Number of exit packages	1	-	1
Total resource cost (£000)	46,000	-	46,000

Exit costs are accounted for in full in the year of departure.

Parliamentary Accountability and Audit Report

The SFGB is a non-departmental public body sponsored by the DWP. The DWP approves the Business Plan and the Board delivers its Annual Report and Accounts to Parliament through the Secretary of State. The SFGB regularly provides performance and resource utilisation information to the DWP which is reviewed at quarterly accountability reviews. The DWP is also represented on the SFGB Audit and Risk Assurance Committee.

Losses and special payments (subject to audit)

There were no losses or special payments during the year above the limits prescribed by 'Managing Public Money'.

Remote Contingent liabilities (subject to audit)

There are no remote contingent liabilities.



Caroline Siarkiewicz
Accounting Officer
Date: 5 February 2020

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the Single Financial Guidance Body for the period ended 31 March 2019 under the Financial Guidance and Claims Act 2018. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Single Financial Guidance Body's affairs as at 31 March 2019 and of the net deficit for the period then ended; and
- the financial statements have been properly prepared in accordance with the Financial Guidance and Claims Act and Secretary of State directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Single Financial Guidance Body in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I am required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Single Financial Guidance Body's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Financial Guidance and Claims Act.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Single Financial Guidance Body's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Other Information

The Accounting Officer is responsible for the other information. The other information comprises information included in the annual report but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Financial Guidance and Claims Act;
- in the light of the knowledge and understanding of the Single Financial Guidance Body and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance Report and Accountability Report for the period for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Gareth Davies **Date** 5 March 2020

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP



Financial Statements

Financial Statements

Statement of Comprehensive Net Expenditure

For the Period Ended 31 March 2019

	Note	2018-2019 £'000
Income		
Revenue from Levies	15	16,660
Total Income		16,660
Operating Activities		
Staff Costs	2	(6,256)
Other Expenditure	2	(19,167)
Total Expenses		(25,423)
Operating Deficit		(8,763)
Non-Operating Activities		
Net gain on absorption	(i), 16	8,471
Net Deficit		(292)

Other Comprehensive Expenditure

There was no other comprehensive expenditure.

Note (i): The net gain on absorption represents net assets transferred from TPAS and MAS on 1 January 2019.

This deficit is funded by Grant in Aid from the DWP of £2,107,000 (see note 15). As this contribution is from a controlling party, it is treated as financing.

The notes on pages 48 to 63 form part of these financial statements.

Statement of Financial Position

As at 31 March 2019

	Note	31 March 2019 £'000
Non-current assets		
Intangible assets	3	322
Property, plant and equipment	4	885
Total non-current assets		1,207
Current assets		
Cash and cash equivalents	6	6,705
Trade and other receivables	5	1,752
Total current assets		8,457
Total assets		9,664
Current liabilities		
Trade and other payables	7	(7,660)
Provisions	8	(189)
Total current liabilities		(7,849)
Total assets less total liabilities		1,815
Reserves		
General reserve		1,815
General Fund		1,815

The notes on pages 48 to 63 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board and signed on its behalf by:

Sir Hector Sants
Chair
Date: 5 February 2020

Caroline Siarkiewicz
Chief Executive and Accounting Officer
Date: 5 February 2020

Statement of Cash Flows

For the Period Ended 31 March 2019

	Note	2018-2019 £'000
Cash flows from operating activities		
Operating deficit		(8,763)
Adjustments for non-cash transactions		
Depreciation	4	99
Amortisation	3	53
Loss on disposal of assets		
(Increase)/decrease in trade and other receivables	5	6,575
Increase/(decrease) in trade and other payables	7	(15,543)
Provisions		-
Interest received		-
Taxation		-
Net cash outflow from operating activities		(17,579)
Cash flows from investing activities		
Purchase of property, plant, equipment and computer software	3,4	(631)
Net cash outflow from investing activities		(631)
Cash flows from financing activities		
Grant in Aid received from the DWP	15	2,107
Cash and cash equivalents transferred from MAS and TPAS	16	22,808
Net cash inflow from financing activities		24,915
Net increase/(decrease) in cash and cash equivalents during the period		
	6	6,705
Cash and cash equivalents brought forward		-
Cash and cash equivalents carried forward		6,705

The notes on pages 48 to 63 form part of these financial statements.

Statement of Changes in Taxpayers' Equity

For the Period Ended 31 March 2019

	Note	General Reserve £'000
Changes in taxpayers' equity for 2018-19		
Transfer from TPAS and MAS		8,471
Deficit for the year		(8,763)
Grant in Aid received from the DWP and Levy		2,107
Transfer to General Fund from Revaluation reserve		-
Balance at 31 March 2019		1,815

The notes on pages 48 to 63 form part of these financial statements.

Notes to the Accounts

For the Period Ended 31 March 2019

1. Statement of Accounting Policies

1.1 Basis of accounting

These Financial Statements are presented in pounds sterling because that is the currency of the primary economic environment in which the SFGB operated.

The Financial Statements are prepared in accordance with EU adopted International Financial Reporting Standards.

The Financial Statements are prepared in accordance with the current Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector.

- Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the circumstances of the SFGB to give a true and fair view is selected.
- We have adopted all IFRS, International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC) interpretations and amendments to published standards that were effective at 31 March 2019.
- No Amendments or Interpretations that have been issued but are not yet effective, and that are available for early adoption, have been applied by the SFGB in these financial statements

New accounting standards

IFRS 9 Financial Instruments

- IFRS 9 requires an entity to recognise a financial asset or a financial liability in its statement of financial position (SOFP) when it becomes party to contractual provisions of a financial instrument. It is effective for annual periods beginning on or after 1 January 2018. The SFGB does not hold instruments such as long-term loans, equity investments, or any non-vanilla financial assets. It holds cash equivalents, trade receivables, trade payables which are already recognised in its SOFP. IFRS 9 therefore has no material impact on the financial statements.

IFRS 15 Revenue from Contracts with Customers

- IFRS 15, effective for reporting periods on or after 1 January 2018, establishes the principles that an entity applies when reporting information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer. The SFGB is levy and grant-in-aid funded with receivables being measured at fair value and representing income to which the SFGB is entitled in respect of the financial year. IFRS 15 therefore has no material

impact on the financial statements.

IFRS 16 Leases

- IFRS 16 Leases (effective for periods beginning on or after 1 April 2020). The new standard replaces IAS 17 Leases and introduces a new single accounting approach for lessees for all leases (with limited exceptions). As a result, there is no longer a distinction between operating leases and finance leases, and lessees will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. SFGB believes that the most significant impact will be the need to recognise a right of use asset and lease liability for the building lease currently treated as operating lease. At 31 March 2020 the future minimum lease payments would amount to £3,798,242. This will mean that the nature of the expense of the above cost will change from being an operating lease expense to depreciation and interest expense.
- The SFGB has a lease on 120 Holborn which will be impacted by the new standard. The impact will be quantified and reported in 2020/21. The lease on 11 Belgrave Road has less than 12 months left to run, as such, is exempt from the new standard.

1.2 Accounting Convention

The Accounts are prepared under the historical cost convention, modified to include assets at their value to the business by reference to current costs.

- These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, investments and certain financial assets and liabilities.
- On 1 October 2018 the SFGB (renamed as the Money and Pensions Service in April 2019) was formed. In January 2019 this replaced TPAS, Pension Wise and MAS.
- In line with the FReM (4.2.9), a transfer within a departmental boundary should be accounted for as Transfer by Absorption. As such the net assets of both TPAS and MAS were transferred to the SFGB with no restatement of comparatives in the financial statements. No comparative information is available owing to this being the Agency's first year of operation.
- Comparative information from the predecessor bodies is available in their published annual accounts.

Basis of consolidation; the SFGB comprises TPAS, MAS and Pension Wise. The consolidated bodies prepared accounts in accordance with either the FReM or the Companies Act 2006 (for limited companies). For those bodies that did not prepare accounts in accordance with the FReM, adjustments are made at consolidation if necessary where differences would have a significant effect on the accounts.

1.3 Going concern basis of accounting

Future financing of the SFGB will be met by grant-in-aid from the DWP, as the SFGB's sponsoring department. It is accordingly considered appropriate to adopt the going-concern basis for the preparation of financial statements.

1.4 Operating segments

- The SFGB currently reports expenditure under four operating segments: Money Guidance, Debt Advice, Pension Guidance and Pension Freedoms. Segmental reporting is not applied to assets and liabilities. All costs are reviewed to ensure they relate to each operational area to ensure a fair distribution of cost.
- Corporate overheads have been apportioned to the operational areas using an analysis based on the percentage of FTE staff (60%) and the share of direct spend (40%) in each segment.

1.5 How we use our grants to deliver the business

The SFGB commissions services to help deliver its statutory objectives. The SFGB does this through contracts and grant agreements. Working with the provider, the SFGB establishes the most appropriate mechanism to deliver the services. Funding is given to external partner organisations to carry out frontline services for Debt Advice, the What Works Fund and Pension Freedoms.

- **Debt Advice**

The SFGB commissions Debt Advice services from our partners through grant agreements. The SFGB provides funding on a one year rolling basis. The grants are issued to partners based on an agreed evaluation plan. Milestones have been identified and funds are transferred based on the delivery of the defined milestones.

The three largest grant recipients by value are the Citizens Advice Bureaux (c.£19.5m), Toynbee Hall (c.£3m) and the Community Advice and Law Service (c.£4m).

Citizens Advice Bureaux -The National Association of Citizens Advice Bureaux provide free at the point of access face-to-face debt advice in 7 English regions via a supply chain of Local Citizens Advice Bureaux and Independent Advice Agencies.

Clients (service users) are assessed by debt advisers using the Common Initial Assessment (CIA) and referred for substantive debt advice (casework) via the most appropriate delivery channel – Face-to-Face, Telephone, and Digital.

Toynbee Hall - The SFGB grant funds Toynbee Hall to ensure access to free high-quality face-to-face debt advice in the greater London area. Toynbee Hall acts as the managing agent, delivery of debt advice is sub-contracted out via Local Citizens Advice Bureaux, Independent advice agencies and Law centres. The partnership is known as 'Debt Free London'. 24,000 Londoners are helped with their debt and money problems each year through our funding.

Community Advice and Law Service contract out across a participant supply chain in the East Midlands. Face-to-face debt advice services are offered via appointment or drop-in at either participant offices or outreach locations.

For the above streams of funding, a liability is recognised in line with the relevant agreement requirements in place with each partner organisation. The agreements enable us to recognise the funding award on an annual basis. Any termination liabilities are recognised

when a decision is made to cease an agreement and in line with the relevant requirements of the agreement.

- **What Works Fund**

MAS led the financial capability movement building evidence about what works well – and less well – to improve people’s financial capability and helping organisations to use that evidence to refine their activity and deliver benefits at scale. In recognition of the activity, MAS was inducted into the Government’s What Works network in September 2018 as an affiliate member. The SFGB expects to take this work forward as part of the new UK Strategy for Financial Wellbeing.

The first round of the Programme was launched in 2016. The What Works Fund asked organisations to respond to 16 broad ‘what works’ questions across all life stages, awarding grants to 65 pilot projects all over the UK, and carefully evaluating approaches such as: embedding money guidance in existing community services, harnessing peer support and coaching techniques, and testing a number of different online approaches to learning and assistance. We launched the main evidence analysis from the first wave of these grants (58) in October 2018. The second wave of seven grants finished in Summer 2019.

The next phase of the Programme was launched in 2018, with a tighter focus on some of the gaps and priorities not covered in the first phase, including a greater focus on our ‘Squeezed’ segment, building an understanding about how to improve financial capability in the workplace, building evidence about the longer-term sustainability of financial capability outcomes and piloting at scale of the most promising ideas from our Fin Cap Lab. This work has continued into 2019/20 in the shape of our Lab Pilots programme, and our two Workplace Pilots which are part of our Working Age Strategy.

- **Pensions Freedom (Pension Wise)**

The Pension Wise service is delivered by Delivery Partners (DPs) as follows –

- Citizens Advice to deliver the face to face Pension Wise service in England, Wales and Northern Ireland and some telephone appointments from Northern Ireland; and
- Citizens Advice Scotland to deliver the face to face Pension Wise Service in Scotland and some telephone appointments from Scotland.

In advance of the planned transition of Pension Wise into the SFGB, the Pension Wise Management Board agreed 2 year grant agreements with the above DPs.

These grant agreements cover financial years 2019 - 21 and were put in place to ensure the continued delivery of the face to face service of Pension Wise into the new body and beyond and to provide enough cover to allow the new body to decide how it wants to deliver Pension Wise in the future (1 April 2021 onwards).

Funding is paid in line with the agreed budget proposals and each release of funds is dependent upon the DP demonstrating that the funding is required for the delivery of the service.

Appropriate governance is in place with each DP including a quarterly review attended by senior staff from both the SFGB and the respective DP.

We believe the risk of the DPs not complying with the terms of the grant agreement to be minimal. However, we have ended the grant agreement where the DP was proven to be spending outside the remit of the grant agreement and not an ongoing concern. To ensure that funding is spent on Pension Wise activity we have commissioned a review of the existing DPs through PricewaterhouseCoopers (PwC). The most recent report has shown strong governance and compliance.

1.6 Property, plant and equipment

Property, plant and equipment are stated at fair value. However, as permitted by the FReM, we have adopted a depreciated historical cost basis as a proxy for fair value where non-property assets have a short useful life or are of relatively low value. This applies to most IT hardware; motor vehicles; plant and machinery; and furniture and fittings. Assets are capitalised where they have an expected useful life of more than one year and where the original cost of the item exceeds the capitalisation threshold. Where appropriate, items are pooled.

1.7 Summary of depreciation policy of tangible assets

Depreciation is provided to write off the cost of each class of asset, less its estimated residual value, over its estimated useful life. The depreciation method used is that which provides a realistic reflection of the consumption of that asset.

Property, plant and equipment	Method and useful economic life
Leasehold improvements	Straight line over the period of the lease
Furniture and fittings	Straight line over five years
Other tangible assets	Straight line over 2-5 years
ICT	Straight line over 2-5 years <i>(laptops based on 4 years average lifespan)</i>

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

1.8 Intangible assets - internally developed software

We capitalise internally developed software if it meets the criteria in IAS 38 (Intangible Assets). We classify development costs as assets under the course of construction until the asset is available for use. At that point we transfer it to the relevant asset class.

1.9 Website development costs

We capitalise website development costs in line with the requirements of SIC 32 'Web Site Costs'.

1.10 Purchased software licences

We capitalise software licences at cost as intangible assets if they are in use for more than one year and cost more than £2,500. We capitalise applications at cost as intangible assets if they are in use for more than one year and cost more than £2,500.

Amortisation of intangible assets:

Intangible assets	Method and useful economic life
Internally generated website infrastructure	Straight Line over a maximum five years.
Software licences	Straight line over the duration of the licence

1.11 Impairment

Under IAS 36, individual assets are reviewed for impairment to ensure their carrying amount is not greater than the recoverable amount.

1.12 Leases

A distinction is made between finance leases and operating leases in accordance with IAS 17 Leases:

- **Finance Leases**

Where the SFGB substantially retains all the risks and rewards incidental to ownership of an asset, leases are classified as finance leases. At inception of the lease term, the finance lease assets and liabilities are capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges with the corresponding rental obligations, net of finance charges included in either current or noncurrent payables depending on the dates the group is contractually obliged to make rental payments.

The assets acquired under finance leases are classed as property, plant and equipment and depreciated over the shorter of the useful economic life of the asset and the lease term.

- **Operating leases**

Leases other than finance leases are classified as operating leases. Benefits received or receivable as an incentive to enter into an operating lease are also spread over the lease term.

1.13 Financial Instruments

The SFGB does not hold any complex financial instruments. The only financial instruments included on the Balance Sheet are receivables and payables.

Financial assets comprise trade receivables and other receivables. Receivables are recognised at carrying value, reduced by appropriate allowances for estimated irrecoverable amounts.

Trade creditors are short term and are stated at carrying value in recognition that these liabilities fall due within one year.

1.14 Grant-in-aid

Grant-in-aid is used to finance activities which support the SFGB's statutory and other objectives. It is treated as financing, credited to the General Reserve, because it is regarded as a contribution from a controlling party. Grant-in-aid is accounted for on a cash basis.

1.15 Deferred Income

Deferred income is released across the period to which it relates.

1.16 VAT

The SFGB was not registered for VAT during the financial year 2018/19. Hence all costs are inclusive of VAT

1.17 Provisions

A provision is recognised in the Statement of Financial Position when the SFGB has a present legal or constructive obligation arising from past events, and it is probable that an outflow of economic benefits will be required to settle the obligation.

1.18 Contingent liabilities

We recognise contingent liabilities when there is a present obligation legal or constructive as a result of a past event which is uncertain in timing and amount. A contingent liability is disclosed but not accrued, however disclosure is not required if the likelihood of payment is remote.

2. Operating Deficit

The deficit on ordinary activities before interest and taxation is stated after charging:

Note	Money £'000	Debt £'000	Pension Guidance £'000	Pension Freedoms £'000	Total £'000
Wages and Salaries	2,707	1,019	1,125	628	5,479
Social Security Costs	226	83	96	14	419
Pension Costs	156	54	139	9	358
Total staff costs	3,089	1,156	1,360	651	6,256
Grants paid	206	9,561	-	711	10,478
Contracted Services	519	1,093	-	590	2,202
Media & Marketing	59	1	1	1,893	1,954
Research & Evaluation	931	286	-	-	1,217
Digital & Communications	676	140	119	329	1,264
Accommodation costs	180	111	78	46	415
Travel costs	34	10	38	3	85
Office Costs	93	39	40	15	187
Legal and professional fees	336	144	89	56	625
Transition Costs	82	51	35	21	189
Audit Fee	23	14	10	5	52
Bank charges	1	-	-	-	1
Other costs	113	112	39	82	346
Total Cash spend	6,342	12,718	1,809	4,402	25,271
Depreciation					99
Amortisation					53
Total Administration Expenses					25,423

3. Intangible Assets

	Software Licenses £000	Website £000	Total £000
Cost or valuation			
Opening Balance 1 October 2018	0	0	0
Transfer from TPAS and MAS	693	293	986
Additions in year	0	0	0
Disposals in year			
As at 31 March 2019	693	293	986
Amortisation			
Transfer from TPAS and MAS	596	15	611
Charge for the year	38	15	53
Disposals in year			
As at 31 March 2019	634	30	664
Net Book Value			
As at 31 March 2019	59	263	322

The website was first capitalised in October 2018 in MAS books as development work although started during 17/18 was not finished until Oct 2018. As this was a new asset on transfer the impairments needed were done in MAS prior to transfer. As the transfer then took place in January 2019 there was no further review done at 31 March 2019 by the SFGB. The website is still being used and the first impairment review will be in March 2020.

4. Property, Plant and Equipment

	Leasehold Improvements £000	Information Technology £000	Furniture & Fittings £000	Total £000
Cost				
Opening balance 1 October 2018	0	0	0	0
Transfer from TPAS and MAS	0	1,022	423	1,445
Additions in year	413	218	0	631
Reclassifications				
Disposals				
As at 31 March 2019	413	1,240	423	2,076
Depreciation				
Transfer from TPAS and MAS	0	727	365	1,092
Charge for the year	0	78	21	99
Disposals				
As at 31 March 2019	0	805	386	1,191
Net Book Value				
As at 31 March 2019	413	435	37	885

5. Trade and other receivables

	Note	31 March 2019 £000
Amounts falling due within one year:		
Receivables		207
Prepayments		1,434
Other receivables		111
	(i)	<u>1,752</u>

Note (i) The movement in Trade and other receivables is shown below:

	Note	£000
Transferred from TPAS	16	208
Transferred from MAS	16	8,119
SFGB opening balance		<u>8,327</u>
SFGB Closing Balance		<u>1,752</u>
Change		<u>6,575</u>

At 1 January the transfer in from MAS and TPAS totalled £8,327K which provided the opening balance for the SFGB. The SFGB had no trade or other receivables.

6. Cash and cash equivalents

	Note	2018-2019 £000
Balance at 1 October 2018		0
Transfer from TPAS and MAS	16	22,808
Net change in cash and cash equivalent balances		(16,103)
Balance at 31/03/19		<u>6,705</u>
The following balances were held at:		
		31 March 2019
		£
Government Banking		<u>6,705</u>
		<u>6,705</u>

7. Trade and other payables

	Note	31 March 2019
		£
Amounts falling due within one year:		
Trade payables		2,196
Taxation and Social Security		230
Accruals		4,831
Other payables		403
	(i)	<u>7,660</u>

Note (i) The movement in Trade and other payables is shown below:

	Note	£000
Transferred from TPAS	16	356
Transferred from MAS	16	22,847
SFGB opening balance		<u>23,203</u>
SFGB Closing Balance		<u>7,660</u>
Change		<u>15,543</u>

There are no payables falling due after more than one year.

At 1 January transfer in from MAS and TPAS totalled £23,203K which provided the opening balance for the SFGB. The SFGB had no trade or other receivables.

8. Provisions

	Note	31 March 2019	
		Dilapidations	Total
		£000	£000
Balance at 1 October 2018		0	0
Transfer from TPAS	16	(40)	(40)
Transfer in from MAS	16	(149)	(149)
Balance at 31 March 2019		<u>(189)</u>	<u>(189)</u>
Provided for in the year		0	0
Balance at 31 March 2019		<u>(189)</u>	<u>(189)</u>

9. Contingent Liabilities

On 1 April 2012 MAS took on grant agreements previously managed by the Department for Business, Innovation and Skills for the provision of Debt Advice in the UK. This transferred any employee related liabilities accrued at the date of termination of these grant agreements to MAS. This responsibility was transferred to the SFGB under the transfer scheme.

10. Pension commitments

Pension benefits for staff appointed under the SFGB and MAS contracts are provided through the SFGB pension scheme provided by Aviva. Additionally, the pension benefits for most of the employees transferred from TPAS on 1 January 2019 are provided through the legacy Civil Service pension arrangements.

- **SFGB Pension Scheme**

The SFGB pension scheme is a workplace pension provided by Aviva. In the scheme the SFGB contributes twice the employee contribution up to 10% of the employee's basic salary.

- **Civil Service pension arrangements**

Most past and present employees transferred from TPAS are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which is a defined benefit scheme and is unfunded and contributory, except in respect of dependents' benefits. The SFGB recognised the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' service by payment to the PCSPS of amounts calculated on an accruing basis. Liability for the payment of future benefits is a charge on the PCSPS. As described more fully in the Remuneration and Staff report, certain employees can opt for a stakeholder pension. TPAS staff were transferred to the SFGB under TUPE and therefore the cost for pensions has transferred as well,

11. Operating lease commitments

As at 31 March 2019 the SFGB had outstanding commitments for the future minimum lease payments under non-cancellable operating leases which fall due as follows:

	Note	31 March 2019 £000
Not later than 1 year		1,025
later than 1 year but not later than 5 years		3,798
later than 5 years		0
		<u>4,823</u>

The total lease payments recognised as an expense in the period ended 31 March 2019 was £259,183.

The above operating leases relate to:

- The SFGB's office at 5th Floor 120 Holborn. The lease started on 8 March 2014 for a 10-year period, ending 7 March 2024. A 24-month rent free period was granted at the start of the operating lease (March 14 - February 16). In accordance with IAS 17 leases, the rent-free period was amortised over the duration of the lease. A contribution of £225,000 from the landlord towards renovations of the office, has also been amortised over the duration of the lease. This lease was novated from MAS as part of the transfer under the Transfer Scheme.
- The SFGB's office at 1st Floor Leather Lane. The lease started on 21 December 2018 ending 7 March 2024. A 3-month rent free period was granted at the start of the operating lease (December 18 - February 19). In accordance with IAS 17 leases, the rent-free period was amortised over the duration of the lease.
- The SFGB's office at 6th Floor 11 Belgrave Road. The lease started on 15 June 2010 ending 28 March 2021. A 6-month rent free period was granted at the start of the operating lease (June 10 - December 10). In accordance with IAS 17 leases, the rent-free period was amortised over the duration of the lease. This lease was novated from TPAS as part of the transfer under the Transfer Scheme.
- The SFGB's storage in the basement at 120 Holborn. The license started on 19 December 2018 ending 18 December 2020.

12. Related-Party transactions

The SFGB is a Non-Departmental Public Body sponsored by the DWP. The DWP is regarded as the ultimate controlling related party. The SFGB submits quarterly Grant in Aid bids to the DWP. Once the DWP approves the quarterly bid, the agreed amount is released to SFGB.

During the 6 months to 31 March 2019, the SFGB received Grant in Aid amounting to £2,107,000 from the DWP.

The SFGB's 5th floor accommodation and basement storage space at Belgrave Road, formally occupied by TPAS was provided by HM Revenue & Customs (HMRC) under a Memorandum of Terms of Occupation (MOTO) arrangement. This lease was novated from TPAS as part of the transfer under the Transfer Scheme.

During the period from 1 January to 31 March 2019, the SFGB incurred rent and service charges to HMRC amounting to £33,904. At 31 March 2019 these amounts were accrued.

All transactions with Directors are disclosed in the Directors' Emoluments section of the remuneration and staff report. No Directors had any other transactions with the SFGB during the year.

13. Financial instruments and associated risks

The SFGB's policy is that no trading in financial instruments is undertaken.

The SFGB does not face the degree of exposure to financial risk that commercial businesses do. In

addition, financial assets and liabilities generated by day-to-day operational activities are not held in order to change the risks facing the SFGB in undertaking its activities. The SFGB relies upon the DWP for its cash requirements, having no power itself to borrow or invest surplus funds. The short-term liquidity and interest rate risks are therefore slight. The SFGB does not have and has not had an exposure to foreign currency risk.

The fair values of the SFGB's financial assets and liabilities for both the current period and comparative year do not differ materially from their carrying values.

14. **Events after the reporting date**

In accordance with the requirements of IAS 10 'Events After the Reporting Period', post Statement of Financial Position events are considered up to the date on which the Accounts are authorised for issue. The Accounting Officer authorised these financial statements for issue on the same date as the Certificate and Report of the Comptroller and Auditor General.

15. **Revenue from Levies and Grant in Aid from the DWP**

Revenue from Levies received from the FCA in the period from 1 January to 31 March 2019 was £16,660,420. The total Grant in Aid received from the DWP for the period 1 October 2018 to 31 March 2019 was £2,107,000. £630,804 of the total amount was applied to capital expenditure.

16. **Transfers under absorption accounting**

The SFGB was created as a legal entity on 1 October 2018 by the Financial Guidance and Claims Act 2018. On 1 January MAS, TPAS and Pension Wise were all brought together to form the SFGB. The SFGB incorporated the assets, liabilities and functions of all 3 bodies on 1 January 2019.

This transfer of functions is accounted for as a transfer by absorption in accordance with the FReM. Under absorption accounting, balances are transferred at the carrying value on the date of transfer. The total gain or loss on absorption, which reflects the net assets or liabilities being transferred, is recognised as a non-operating gain/loss in the SoCNE. There has been no recognition of goodwill and no restatement of comparatives in the primary financial statements. Historical financial information of the predecessor bodies is not included as, in accordance with the FReM, as there is no lead body and all bodies are equal within the SFGB. The recorded amounts of net assets have been brought into the financial statements of the predecessor bodies from 1 January 2019. The net asset carrying value has been recorded as a non-operating gain from the transfer of function, through net expenditure.

The total assets and liabilities received from TPAS and MAS on 1 January 2019 were:

Assets and Liabilities transferred	TPAS £ '000	MAS £ '000	Total £ '000
Intangible Assets	60	314	374
Property Plant & Equipment	140	213	353
Trade and other receivables	208	8,120	8,328
Transferred in advance to the SFGB	0	21,447	21,447
Cash and cash equivalents	861	500	1,361
Trade and other payables	(356)	(22,828)	(23,184)
Current tax liabilities	0	(19)	(19)
Provisions	(40)	(149)	(189)
Total Transfers	873	7,598	8,471

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