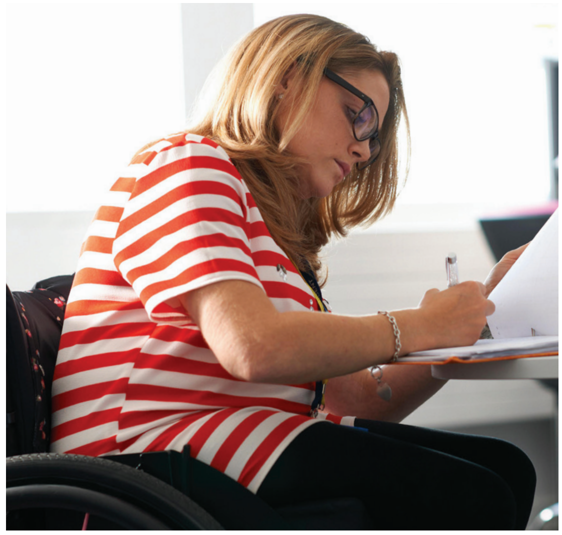
the Money Advice Service

Annual Report and Accounts 2016/17



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The Money Advice Service Annual Report and Accounts 2016/17

The Accounts for the year ended 31 March 2017 are presented to Parliament pursuant to paragraph 9A (3) of Schedule 1A of the Financial Services and Markets Act 2000.

The Annual Report is presented to the House of Commons by Command of Her Majesty.

The Annual Report is presented to the House of Lords by Command of Her Majesty.

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Company information

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Chairman's foreword

Millions of people across the UK struggle with financial worries. Eight million have significant debts, which can cause real life problems. Many more struggle to cope with understanding and tackling everyday money choices and challenges. The Money Advice Service is here for those people.

We recognise that we cannot tackle these issues on our own. So in all our work, we co-operate closely with partners and stakeholders to reach more people and empower them to take control of their finances.

The Financial Capability Strategy for the UK brings together a wide range of organisations that share our goal of helping people make the most of their money. I have the privilege to chair the Financial Capability Board that oversees that strategy and I would like to take this opportunity to thank everybody who makes such a powerful contribution to that work.

Together, our work in 2016/17 has broken new ground. Around 350 organisations contributed to the UK's first ever Financial Capability Week, highlighting the importance of effective money management and the wide-ranging impact it can have.

The What Works Fund we established in June 2016 attracted more than 400 bids and is now funding projects the length and breadth of the UK. It has given a powerful impetus to the efforts we are leading to improve the evidence base around financial capability where there are not currently easy solutions. The projects themselves look to help people of all different ages and circumstances, and the findings from them will point the way to how we can have the greatest impact on people's ability to manage money.

Our work with children and young people has also pushed the boundaries. The 'Talk, Learn, Do' project we have helped to pilot across Wales has supported thousands of parents in helping their children learn about money. And we have conducted a number of in-depth research projects, including the first large-scale survey in the UK to examine the money needs and attitudes of children and their parents together. This will inform how we can best work with parents and schools so that future generations are better prepared for the financial responsibilities of adulthood.

We are increasingly mindful of the diverse sources of practical support and guidance available to people about money. In the vast majority of cases, people coming to our service are doing so as part of a wider guidance journey that takes in a number of sources. We want to work with the grain of existing provision – including regulated advice – with the overall aim of ensuring people are getting the support they need.

The direct service we offer to customers has had another record-breaking year, with nearly 27 million customer contacts. Most of these have come through our website, which continues to adapt and improve to give people clearer information. But it would be remiss for me to overlook the contribution made by our improved contact centre, which has handled more than 125,000 calls and webchats. Taken together, the improvements we have made have enabled us to deliver this record number of customer contacts at significantly lower cost than in previous years.

In 2016/17, more than 440,000 people received free debt advice through the providers we fund. The help these people receive can have a profound impact, not only on their finances but also on their wellbeing and their families' lives. We are proud of the service our partner organisations provide to people in need.

However, our funding is only part of the story. We work with the debt advice sector as a whole – including organisations we do not fund directly – and with creditors, to drive improvements to both the quality and consistency of the service debt advice clients receive. We are leading efforts across the sector to explore ways of delivering debt advice more cost-effectively and to encourage more people to access the service.

The work we and our partners do is making a real difference to people's lives here and now. It is also laying strong foundations for a successful transition to the Government's proposed new single money guidance body.

The Government's original plans for money guidance in March 2016 required us to make some important changes to our business plan for the year, while continuing to meet a demanding set of goals and deliver a an effective service to everyone who comes to us for guidance on money matters. The high satisfaction ratings we receive from our customers – with more than 90 per cent saying they would recommend the service to others or use it again themselves – are particularly pleasing.

We welcomed the revised plans for a single financial guidance body published in December. We are delighted that the Government is taking forward these proposals and has introduced legislation to give effect to them as part of the Financial Guidance and Claims Bill currently before Parliament. People's ability to manage their personal finances confidently, take control of their debt and plan for a secure future are intimately inter-related, and best supported through one body. Our work and approach are now aligned to help that new body get off to a flying start.

Along with the many organisations and individuals we have worked with in 2016/17, I would also like to thank our recently retired Chief Executive Officer Caroline Rookes, who has tirelessly championed the organisation since she joined the Money Advice Service in 2012. Caroline deserves great credit for turning the organisation around and for the performance described in this Report. I and the Board are grateful to her for all she has achieved. She will be greatly missed.

At the same time, I am pleased to welcome Charles Counsell to the Money Advice Service as our new Chief Executive Officer. Charles has a strong track record, both in delivering exceptional service and in guiding organisations through transition. He is passionate about helping people to manage their money better. Since joining in June Charles has already made a strong impression, demonstrating his commitment to increasing the impact of our work and to overseeing a successful transition to the new money guidance body.

Helping people tackle money issues is far from a simple matter. Personal financial struggles can have deep-seated and complex origins – and the anxiety and practical problems they generate often have a substantial negative impact on people's lives. That is why the work of the Money Advice Service and its eventual successor is so important. I am confident that the skill and dedication of our staff will continue to make a real difference on the ground.

Working with our partners, tremendous progress has been made during this year in establishing the foundations for improving financial capability and creating an increasingly robust evidence base, as well as helping hundreds of thousands with debt advice. We recognise that this is the start of a long journey and we look forward to making further substantial progress on this during the course of this year.

Andy Briscoe
Chairman, the Money Advice Service

Chief Executive's introduction

The Money Advice Service is dedicated to changing people's lives for the better by helping them take control of their household finances.

We know that many people in the UK struggle to stay on top of their household finances, and often find themselves facing high levels of debt.

This is not just about figures on a bank balance or research statistics. When people feel they are not in control of their money, they are much more likely to experience mental ill health. Family relationships very often suffer too.

The corporate strategy we put in place at the beginning of 2016/17 has begun over the past year significantly to change this, with a focus on supporting people we identified as in the 'squeezed' and 'struggling' sections of society, that is those least able to cope.

For example:

- We received nearly 27 million customer contacts through our website and contact centre, and provided guidance on a wide range of money issues.
- We seamlessly launched a new and enhanced contact centre, delivering significant improvements to the service we can offer.
- We also delivered a more efficient service with the cost per customer contact falling by more than a third compared with 2015/16.
- We brought together more than 350 organisations in the UK's first ever Financial Capability Week.
- We commissioned and published a wide range of research to inform future work and debate.

This year we published ground-breaking customer segmentation research to support our corporate strategy, which is now being used beyond Money Advice Service by organisations across the sector to target their work.

We have sought to pinpoint where we can make the most difference directly, through our own service, and where it is more effective to work with and through others best placed to ensure that people get the support they need. The Financial Capability Strategy for the UK that we lead, and in which our own corporate strategy is rooted, is clear in its goal: empowering people to make the most of their money, and improving their financial wellbeing as a result. Generating the maximum collective impact in achieving that goal depends not on a single organisation – but on the input and active contributions of people and organisations across the public, private and voluntary sectors.

As we move towards the expected establishment of a single new money guidance body, we are looking increasingly to develop an approach based around the commissioning of services. This, we believe, is the best way to achieve that part of our work which is best delivered through other agencies. We will lay the groundwork for this and leave the new body in a position to make a strong and immediate impact.

Effective commissioning harnesses the insight we and others have into people's needs, and how they can most effectively be met. Much of our work, in this first year of our corporate strategy, has been aimed at building that insight – with a clear focus on robust evaluation.

Our new business plan for 2017/18 takes this to the next stage, as we look to test and evaluate different ways of supporting people with varied personal circumstances, and to hone the most effective methods into approaches that can be applied on a wider scale.

At the same time, our research is giving us an ever-clearer picture of the sources of guidance and advice people have available to them and, crucially, how they use them.

Our Evidence Hub is also bringing collective knowledge together in one place so that insights from across the UK and around the world can be shared.

Taken together, this comprehensive analysis will enable us – and the many other organisations involved – to focus resources where they can make the most difference to people's lives.

I am very proud of the work the Money Advice Service has done in the four years that I have served as its chief executive. In this time, we have helped millions of people to tackle their debt, manage their money more effectively and face their financial future with confidence. We have led the development of a new Financial Capability Strategy for the UK and put in place the vital infrastructure that will underpin its delivery. And we have achieved this against an uncertain backdrop, with changes to our status and how we go about our work an ever-present prospect.

As I hand over the reins to Charles Counsell, I want to pay tribute to the many dedicated and talented professionals I have had the pleasure of working with at the Money Advice Service. The successes we have had have been down to the people who work here – their energy, their enthusiasm, their creativity in the face of complex issues and problems. I know they will give of their best to ensure the Money Advice Service continues to give people the support they need, and that the transition to the new money guidance body is an unqualified success.

Caroline Rookes
Chief Executive until 2 June 2017

Preface – Charles Counsell

The record of delivery for customers set out in this report is impressive. As the new chief executive, taking up the role in June, I can claim no credit for that strong performance in 2016/17. I can, however, pay tribute to what Caroline and her team have achieved, and give my commitment to build on those achievements. It is clear to me, and many of those we engage with, that I am leading an organisation in very good shape and well positioned to build on that for the future.

On my appointment, the Money Advice Service Board set out two equally important priorities: first, to deliver the ambitious Business Plan, and do so in a way which demonstrates our commitment to working with and through others. Secondly, to ensure a clear and effective transition to a new money guidance body.

In taking forward both of these tasks we will work ever more closely with the Pensions Advisory Service and Pension Wise to bring our operations into greater alignment. The remit, design and governance of the new body are ultimately a matter for Parliament, and we will be working closely with government to provide the information and support they require to inform the legislation.

Getting the transition right is important for those we serve and indeed also for our dedicated staff. We will not lose sight of the pressing needs of people in the UK for financial guidance and advice. In particular, we must redouble our efforts to improve access to high-quality debt advice for over-indebted people in the UK. I am delighted that our business plan for the current year commits us to the development of a comprehensive debt advice strategy, working with partners and stakeholders across the sector to ensure that the barriers to people seeking and getting the advice they need are steadily overcome.

Caroline Rookes has made clear in her introduction her view that the success of the Money Advice Service rests on the passion and ability of its people. This is a view I wholeheartedly share. It will be a priority for me to take forward our new People Strategy. This sets out our offer to those thinking of joining us, and how we grow and support those who do join. It also sets out clearly how we work – our values and our expectations. I am determined that we continue to attract, retain and – importantly – nurture the talent we need to achieve our ambitious goals.

I have been impressed with the passion and expertise I have seen since joining. However, as with any transition, there are challenges ahead and important decisions to be made. I am excited to be leading the Money Advice Service at this crucial juncture and I look forward immensely to working with the team here, with stakeholders and with delivery partners to make that a reality.

Charles Counsell
Chief Executive from 5 June 2017

A look back at 2016/17

In 2016/17, we started the journey of delivery against the five aims set out in our corporate strategy:

1. Deliver through others

350 organisations took part in the first ever **Financial Capability Week.**

409 Organisations submitted bids to deliver financial capability through our **What Works Fund**.

We funded **58** projects.

52 organisations began to use our **evaluation toolkit** and

36 have signed up to the **IMPACT Principles**.

"We greatly appreciated and valued the practical support MAS gave us as we developed and ran our research. You were always on-hand to answer our questions – and always responded quickly – and provided us with really helpful advice as we wrote the questionnaire and discussion guides."

Royal London on working with us

2. Bring about earlier and wider access to debt advice

450 organisations signed up to **use the Standard Financial Statement (SFS)**, a means to giving better and more consistent debt advice, within 3 weeks of go-live.

"The SFS is an important and welcome initiative from MAS and the debt advice sector. Widespread recognition of this standard budget as a fair assessment of people's situation could bring better and more consistent treatment by all kinds of creditor of people in financial difficulty."

StepChange Debt Advice Charity

425,000 people received MAS-funded debt advice

The percentage of **over-indebted people accessing debt advice** increased from 17% to

19%

93% of people who agreed – with their MAS-funded debt adviser – to **take action** went on to do so.

65% were **repaying their debts** within 3–6 months of getting the advice.

3. Get more people budgeting and saving

With DWP, we launched an **Online Money Manager Tool** to help people to budget for their Universal Credit payments.

We launched a **Financial Capability Lab** to test a series of innovative ideas about how to help people save more.

Our **segmentation model** was widely recommended and praised, and has been used by **4** major financial services firms to analyse their customer base.

Our **'closing the savings gap' research** received national and international coverage.

"The insights were fascinating."

"Informative, thought provoking."

"I found the content very interesting and also useful for my professional life."

Feedback from our segmentation launch event where we focused on the budgeting and saving needs of the 'struggling' and 'squeezed' segments

4. Improve access to guidance and advice

Customers contacted us through website, webchat, phone or mail

26.8m times

We commissioned a **new contact centre**, improving value for money at the same time as offering more and better guidance.

94%

of customers would **revisit** our services and **recommend** them to friends and family.

We began to help other organisations **optimise their online guidance** to make it more accessible and used.

"I want to say a really HUGE thank you for all the help that MAS has given us to help us to optimise our website and drive much more traffic to it. We are so grateful for all the in depth work and expertise you have given us so generously."

Christians against Poverty

5. Widen and improve financial education

To provide parents the skills they need to teach their children about money, we delivered **Talk, Learn, Do pilots** which rapidly spread to all local authority areas in Wales.

We analysed data gathered about the same people since 1970 to identify whether **childhood cognitive / non-cognitive ability can predict adult financial outcomes.**

"Thank you for a fab resource. Families love it."

"I wanted to tell you how delighted we are with the success of delivery and staff and parents' feedback."

Leaders and facilitators of the Talk, Learn, Do pilots in Wales

27 The number of organisations we helped to **improve their evaluation capability**, versus our target of **10**

1.6m

The number of **children and young people served by organisations** that have signed up to IMPACT Principles for gathering and sharing evidence of effective interventions.

Our changing role

Our work in 2016/17 has been carried out against the backdrop of government proposals to make significant changes to the institutional landscape around money guidance. We continue to operate under the statutory remit Parliament has given us – set out in the Financial Services Act 2010 and subsequently augmented by the Financial Services Act 2012. Inevitably, however, we have also needed to take steps to prepare for the proposed changes, and for the transition to the new arrangements.

In this section, we set out the background to these proposals and how we are adapting to the proposed new framework.

The Public Financial Guidance Review

In October 2015, building on the findings of an earlier independent review of the Service, the Government launched a wider review of public financial guidance, encompassing not just the Money Advice Service but also the Pensions Advisory Service (TPAS) and the Pension Wise service that had been established to help people with the new 'pensions freedoms' introduced in April 2015.

The initial outcome of the review was published (alongside the Budget) in March 2016, with the Government consulting on proposals to replace the three existing organisations with two new bodies: a new money guidance body, and a new pensions guidance body.

Under these proposals, it was envisaged that the new money guidance body would continue to commission free debt advice services but would not offer a direct money guidance service to consumers, nor have a public-facing brand. The consultation underlined the importance of continuing work to build financial capability.

As a result of this, we decided (with the agreement of the Financial Conduct Authority who oversee our work) to delay the publication of our final business plan for 2016/17 until May 2016, and made some significant modifications. In particular, we curtailed planned investment in direct services, ended all direct marketing activities, and strengthened the focus on developing new commissioning plans. We also established a transition team to prepare for the move to the new bodies.

On 19 December 2016, the Government published a fresh consultation, setting out plans to bring the functions of the Money Advice Service, TPAS and Pension Wise together in a single new money guidance body, including a direct guidance service to consumers. The consultation envisaged that the new body would be fully operational by autumn 2018 at the earliest.

Towards the new body

Our 2017/18 business plan outlines how we are working towards the creation of a single financial guidance body. We are continuing to fulfil our existing statutory remit, in line with our three-year corporate strategy. In doing so, we are seeking to work ever more closely with TPAS and Pensions Wise to link our operations.

Our partnership with TPAS – ensuring that customers calling our contact centre with pensions queries are connected to TPAS's specialist guidance – is an important example of this closer working (see page 41). We plan to extend this approach to webchat, and develop a reciprocal service for people contacting TPAS with queries that can be more effectively dealt with by our money advisers.

We believe the corporate strategy we have begun to implement in 2016/17 will provide solid foundations for the new guidance body:

— We are developing relationships with a wide range of organisations that can play a part in helping people manage their money.

— We are establishing a shared understanding of customer needs and where there are gaps to be filled.

— We are building a clear picture – through our What Works Fund (see page 24) and other initiatives – of how best to influence people's financial skills, attitudes and behaviours.

— We are enhancing the effectiveness of our direct channels, particularly in relation to the 'squeezed' segment identified in our corporate strategy.

— We are putting in place commissioning programmes for large-scale interventions, so the new body will have a 'template' for how to go about this.

— We are bringing the debt advice sector together around a shared strategy to tackle issues around funding, customer journeys and debt solutions.

— We will continue to work with the Government as they develop their proposals and – subject to parliamentary approval – begin to set up the new body.

Our performance

In 2016/17 our focus continued to be on helping individuals get the help and guidance they need to deal with and understand often complex money issues. To ensure this help continues to be delivered at scale, our delivery is measured against the range of challenging goals set out in our business plan for the year.

Our 2016/17 business plan put in place an ambitious agenda to take forward the five aims in our corporate strategy:

Delivering through others

Earlier and wider access to debt advice

More people budgeting and saving

Improving access to guidance and advice

Widening and improving financial education

Despite the necessary focus on preparing for changes to our role, we have nonetheless succeeded in meeting or exceeding nearly three-quarters of our key performance indicators (KPIs): nearly two-fifths (38%) were exceeded, with 35% being met in full (but not exceeded).

Around a quarter (27%) of KPIs were partially met – we set out in the commentary below the progress that was made and how we continue to take these aims forward.

In addition to our formal KPIs, we achieved all the objectives we have set for the What Works Fund (see page 24). This will make a significant contribution to the evidence base over the next 12–18 months and will form a key part of our work.

We have also handled a record number of contacts through our direct channels, and made significant improvements to both our website and our contact centre.

Keeping costs down is an important driver for the Money Advice Service. As a public body, funded by a levy on firms, it is particularly important that we demonstrate value for money in our operations. In our own money guidance service, we handled more customer contacts than ever in 2016/17 despite a reduction in our spending and ending paid marketing altogether. Across all of our direct channels, we spent just 60p for each customer contact delivered – down more than a third on last year (92p).

In debt advice, too, we have worked with our partners to drive improved efficiency. In 2016/17 they have been able to provide free, high-quality debt advice to 16% more people than in the previous year, with only an 8% increase in budget (an increase that was met by reductions in our money guidance budget).

	KPI	Exceeded/Achieved	Partially met
Aim 1 – delivering through others			
1.1	For each of the 10 themes of the Financial Capability Strategy for the UK, we will agree priorities with the relevant Steering Group and establish an action plan with clear accountability, including the design and delivery of pilots.		We have achieved this for six of the themes so far: - Children & Young People - Young Adults - Working Age - Savings - Older People in Retirement - Wales
1.2	We will maintain and expand the Evidence Hub, so that by Autumn 2016 it will incorporate other types of evaluation and research – both qualitative and quantitative – as well as quantitative impact evaluation.	The Hub was relaunched as part of Financial Capability Week and 130 new studies added.	
1.3	At least 30 organisations (funders/providers) will agree to use IMPACT Principles.	At the end of March 2017, 40 organisations had signed up to the IMPACT Principles.	
1.4	At least 50 delivery projects will use the Outcome Frameworks or Evaluation Toolkits.	By the end of March 2017, 53 organisations had used the Toolkit or Outcomes Frameworks.	

	KPI	Exceeded/Achieved	Partially met
Aim 2 – earlier and wider access to debt advice			
2.1	425,000 people will access our funded debt advice across the UK.	Our funded partners delivered free debt advice to a total of 441,742 people in 2016/17.	
2.2	90% of people accessing our funded debt advice across the UK will take action to deal with their debts.		88%. During our consultation process, some consultees challenged us on this measure, noting that for some recipients of debt advice, taking no action is the right outcome. This led us to the view that a better measure is the proportion of clients who having agreed to action then take that action. We will use this measure in future. In 2016/17, the percentage of clients who took action after agreeing to do so with a Money Advice Service-funded debt adviser was 94%.
2.3	We will collect clear evidence of trigger points that can lead to over-indebtedness and agree methods to engage people with debt advice.	Quarterly evaluation research conducted by Optimisa over 2016/17 has enabled the identification of trigger points that can lead to over-indebtedness. Our earlier (2015/16) research has also pointed to factors that increase the probability of becoming over-indebted.	
2.4	We will set a baseline for the current percentage of people whose financial capability is improved after receiving our funded debt advice, and propose a percentage increase.		We have set a baseline but decided we should engage further with the sector before setting an increased target. We will also seek to align this with our work to develop more effective measures of financial capability.
2.5	Based on our understanding of the repeat rate for debt advice clients we will develop and identify an appropriate level and direction of change.		We have established a typology of the different types of repeat clients, but have not yet mapped it to quantitative data to propose a direction of change.
2.6	We will raise the proportion of over-indebted people seeking debt advice (across the debt sector) from 17% to 20%.		19% was achieved.

	KPI	Exceeded/Achieved	Partially met
Aim 3 – more people budgeting and saving			
3.1	We will conduct tests of messages and/or pilot 'what works' trials, tailored for the 'struggling' and 'squeezed' segments, to encourage saving and budgeting appropriate to each segment.	Through our 'Financial Capability Lab' six pilots are being tested to support people in the 'squeezed' segment. Of the What Works Fund projects we are supporting, 11 focus explicitly on budgeting and saving among working-age adults in the squeezed and struggling segments. We have also worked with the FCA Financial Advice Market Review to develop proposals for savings 'rules of thumb'.	
3.2	We will successfully develop and deploy a budgeting tool for Universal Credit claimants.	The Money Manager tool was deployed in November 2016.	
Aim 4 – improving access to guidance and advice			
4.1	At least 60% of our telephone customers will have taken action (in full or in part) as a result of money guidance.	Our research indicates that 66% of our telephone customers have taken action as a result of money guidance.	
4.2	We will set a baseline for the extent to which people consider themselves able to access free or affordable advice to support financial decisions.	The top-line figure from our detailed survey is that 55% of consumers consider themselves able to access free or affordable advice.	
4.3	We will maintain the customer satisfaction of our telephone customers at the level of 88%.	We achieved an annual figure of 93% of customers saying they would recommend the service to others or would use it again themselves.	

	KPI	Exceeded/Achieved	Partially met
Aim 5 – widening and improving financial education			
5.1	1m children and young people will be served by interventions whose delivery organisations have signed up to IMPACT Principles.	Interventions by delivery organisations that have signed up to the IMPACT Principles reached more than 1.9m – although it should be noted that not all of these interventions were solely focused on financial capability or limited to children and young people.	
5.2	We will support/fund the evaluation of at least two large control trials of financial education.	We funded four large control trials of financial education ('Talk Learn Do', 'Maths in Context' and two projects under the What Works Fund).	
5.3	We will support at least 10 projects with the evaluation of their financial capability provision for children and young people.	In total, we supported 28 projects with evaluation (in addition to 12 What Works Fund projects focusing on children and young people).	

Delivering our plan

In this section we set out in detail how we have worked in 2016/17 to advance each of the five aims set out in our corporate strategy:

- Delivering through others
- Earlier and wider access to debt advice
- More people budgeting and saving
- Improving access to guidance and advice
- Widening and improving financial education

AIM 1

Delivering through others

Launched in October 2015, the UK Strategy sets out a ten-year vision for how hundreds of organisations across the country can work together to empower millions of people make the most of their money, and improve their financial wellbeing as a result.

The Money Advice Service has a central role in the wider delivery of the UK Strategy:

— leading and driving engagement with the UK Strategy – including supporting the governance mechanisms that steer implementation and prioritise actions

— driving the use of evidence and evaluation – including the direct funding of projects to increase knowledge of 'what works'

— thought leadership – generating and analysing research and sharing data and insights

Leading and driving engagement

The implementation of the UK Strategy is overseen by the Financial Capability Board and by a number of Steering Groups, bringing together the insights and experience of a wide range of experts and organisations to guide the delivery of the Strategy.

The Money Advice Service participates directly in these groups and also plays an important role in supporting their work, including the provision of high-quality advice and analysis to inform their decisions, and acting as the secretariat to the Board and Steering Groups.

In 2016/17 the Steering Groups have worked on drawing up detailed action plans for the areas of work they cover – in line with the commitment in our 2016/17 business plan. These will be further developed and rolled out in 2017/18, with the Money Advice Service playing a key role in bringing organisations together.

In 2016/17 the Steering Groups have worked on drawing up detailed action plans for the areas of work they cover – in line with the commitment in our 2016/17 business plan. These will be further developed and rolled out in 2017/18, with the Money Advice Service playing a key role in bringing organisations together.

Financial Capability Week

From 14–20 November 2016, we ran the UK's first ever Financial Capability Week.

The week featured a series of co-ordinated events to highlight the importance of financial capability, and raise awareness of the contributions being made by a range of different organisations. The events also brought these organisations together, helping them to share knowledge and insights, and to form the basis of future partnerships and collaboration.

The launch event at the Bank of England Museum was introduced by 'Money Saving Expert' Martin Lewis and was followed by a parliamentary reception in Westminster. This was hosted by Suella Fernandes MP who led the All-Party Parliamentary Group (APPG) for Financial Education's inquiry – partly funded by the Money Advice Service – into financial education in schools.

The events attracted attention across the UK and around 350 organisations took part in various ways. The #FinCapWeek hashtag was used more than 2,000 times during the week and a 'thunderclap' cascaded into the Twitter feeds of more than 1.5 million people on the opening day.

The First Minister of Wales, Carwyn Jones AM, used the occasion to highlight our partnership with the Welsh Government to support financial education in schools, and the West Wales Financial Capability Forum marked the week with an event celebrating the work being done to improve money management in a rural setting.

Scottish Financial Education Week

From 20–24 March 2017, Scotland held its own national Financial Education Week. The week, jointly organised by Education Scotland, the Money Advice Service and the Scottish Financial Capability Partnership, was designed to raise awareness of the importance of financial education across Scotland and brought together a range of industry leaders, policy makers, academics and others.

The week began with an evening reception at the Scottish Parliament, hosted by Ruth Maguire MSP, with guest speaker Angela Constance MSP, Cabinet Secretary for Communities, Social Security & Equalities. There were further events throughout the week in conjunction with the Scottish Government, the University of Edinburgh, Young Scot and Lloyds Banking Group, among others.

Financial Capability Week 2017

We are already planning for the next Financial Capability Week which will run from 13–19 November 2017. If you or your organisation would like to get involved, please get in touch with the Financial Capability team at enquiries@fincap.org.uk or on Twitter @FinCapStrategy

Photos from top:
Suella Fernandes MP
Chair, APPG Financial Education

Peter Pledger
CEO, National Skills Academy for Financial Services

Sian Williams
Head of National Services, Toynbee Hall

Emanuel Andjelic
Co-Founder of Squirrel

Veda Harrison
Consumer Affairs Manager, RBS

Evidence and evaluation

To support the implementation of the UK Strategy, we aim to promote the sharing and use of evidence and evaluation to inform the effective targeting and design of interventions.

Sharing evidence

Our Evidence Hub brings together in one place a wide range of evidence and analysis of financial capability initiatives from the UK and around the world. We relaunched the Hub as part of Financial Capability Week in November 2016 (see page 21). We also added an additional 130 studies to the Hub, significantly exceeding the target in our business plan.

We have worked with The Social Innovation Partnership (TSIP) and the Personal Finance Research Centre at the University of Bristol to ensure the Hub embraces not only a wider selection of evidence but also financial capability insights, in line with the commitment we set out in our business plan.

Our current (2017/18) business plan includes a commitment to add at least 50 further pieces of evidence to the Hub, including the findings from projects supported by the What Works Fund (see page 24).

Supporting robust evaluation

Our Evaluation Toolkit helps organisations plan and carry out effective evaluation of the impact their work has on people's financial capability. As part of this toolkit we have developed a range of Outcomes Frameworks that provide a set of potential outcomes and measurement tools tailored to the needs of different target groups. In 2016/17 we have added a new Outcomes Framework for older people in retirement and started work on a youth practice outcomes framework to support organisations working with young people aged 13–25.

By the end of 2016/17, a total of 53 organisations had used the Outcomes Frameworks and Evaluation Toolkit, exceeding the target in our business plan. We have also delivered practical advice and support to 39 of these organisations, to guide them in using the resources and in developing a robust evaluation strategy.

> « *MAS have been very supportive over the past year. Nothing is too much trouble – you always take time to give a detailed response to any queries, which is always helpful. We have gained so much more knowledge in financial capability due to your guidance. I have also really appreciated your support with our financial capability programme – you have really gone above and beyond, including attending grant decision meetings.*
>
> Kate Pennock – Head of Customer Policy, Wessex Water

Generating IMPACT

There are now 40 signatories to the Financial Capability IMPACT Principles – which seek to raise awareness of good practice in evidence and evaluation, and encourage organisations to embed that in their own work. This exceeds the target of 30 that we set out in our business plan.

The What Works Fund

In June 2016, we launched the What Works Fund – a new £7 million fund dedicated to tackling the gaps in evidence identified by the Financial Capability Strategy for the UK, establishing the most effective ways of engaging with different groups and empowering them to make the most of their money.

We received more than 400 expressions of interest and in January 2017 we announced the first wave of projects that we would be taking forward. We have now awarded funding to an initial tranche of 58 projects so that they can conduct rigorous evaluation of their impact.

As well as providing funding, we are working closely with these projects to ensure that their impacts are measured clearly and consistently, and that the findings are widely shared, so that other organisations can learn from and apply them in their own practice. As a condition of funding, all the organisations receiving funding have signed up to the IMPACT Principles.

Our business plan for 2017/18 provides extensive detail of the projects we are working with, including a complete list of the projects, together with a summary of what we hope to learn from them.

Target groups for each intervention		Examples of interventions
Children and young people	13	Schools workshops
Young adults	11	Youth workers money advice
Working-age adults	21	Developing online budgeting tool
People in financial difficulty	6	Money advisers in health centres
Older people	11	Peer education with older people

Types of organisation

Charities and social enterprises	Professional bodies	Housing associations	Universities	Local authorities	Think tanks
47	4	4	3	2	2

Anticipated outcomes

Types of outcome being addressed

Access to financial products and services	Skills/understanding about managing money	Attitudes and mindset about managing money
42	59	55

The Capacity-Building Consortium

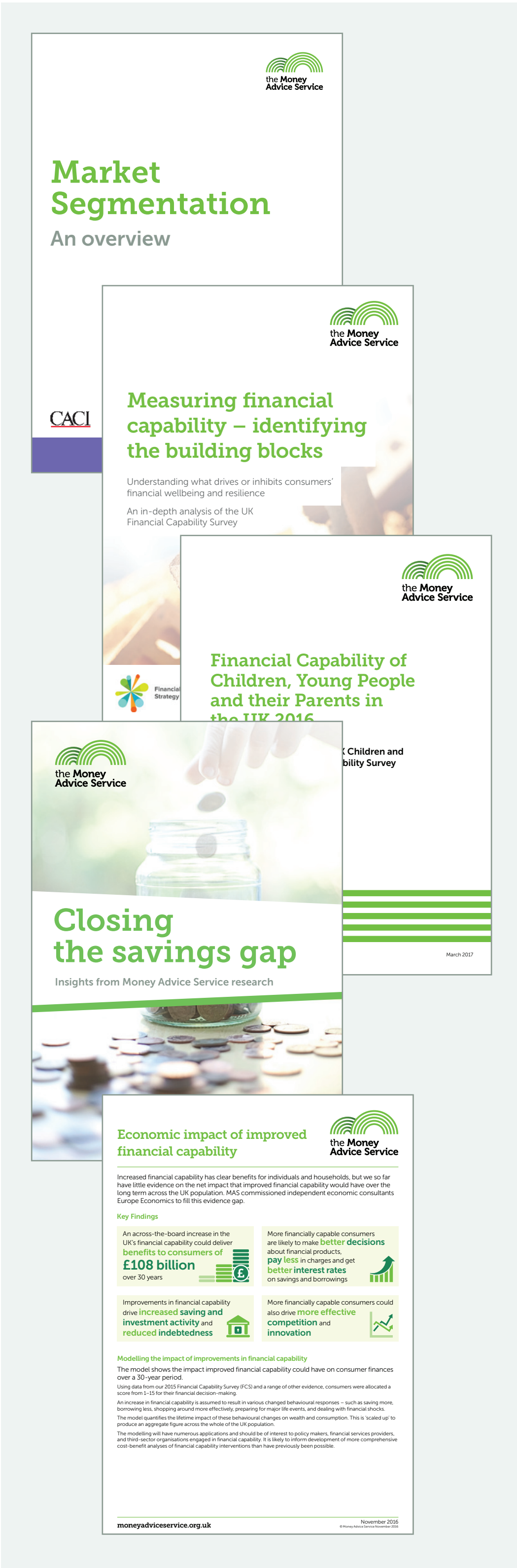
When the evidence from the What Works Fund is available, it will greatly assist the practice of tens of thousands of money guidance practitioners across the UK. As part of our long-term strategic plan for increasing the impact of this evidence in the sector, we held an open competition for organisations to join a consortium focused on analysing the needs and aspirations of the frontline practitioners they represent, and finding out how new and emerging good practice could become more easily accessible to them.

A total of 14 organisations joined the consortium and Yvonne MacDermid of Money Advice Scotland led the work. The consortium disseminated a research survey to practitioners, funded by the Money Advice Service, and, based on the research and expert views, drafted a competency framework that it believes could be flexible and powerful enough to support money guidance practitioners in a variety of settings. The aim of the competency framework – and the training, support materials and activities that would surround it – is to improve the consistency and effectiveness of everyday practitioner work. We have made provision in our 2017/18 plans to continue to develop the framework and explore ways of testing and embedding it in the organisations who designed it.

The Financial Capability Lab

As part of the What Works Fund, we have also established a new process to generate new ideas for tackling complex financial capability challenges. The 'Financial Capability Lab' has been designed in conjunction with the Behavioural Insights Team (BIT) and Ipsos MORI. It will conduct rapid experiments in improving people's financial capability, using a range of everyday settings and harnessing BIT's new online experimentation platform, Predictiv. The findings from this rapid testing will then be used to generate recommendations for larger-scale tests.

The Lab process started work in November 2016 and is expected to run for a year, tackling three high-priority financial capability challenges. The first challenge focused on helping people who are 'just about managing' to build a small amount of savings to act as a buffer to financial shocks.



Research and insight

In addition to the evidence we gather and share through the Evidence Hub, we also make an important contribution in the shape of our own research and insight.

In 2016/17 we published a series of significant pieces of research which will serve to inform both our own and others' future work. Highlights included:

Market Segmentation

— A major study to drive improved understanding of differing consumer needs. The resulting model – identifying 'Struggling', 'Squeezed' and 'Cushioned' segments – underpins our corporate strategy and continues to inform our work to identify priority needs. See page 27 for further details of how we and others are using this research.

Measuring financial capability – identifying the building blocks

— In line with the commitment in our business plan, we conducted an in-depth analysis of the data from our 2015 Financial Capability Survey to build a sophisticated picture of the factors having the greatest impact on financial wellbeing and capability.

Children, young people and parents survey

— A ground-breaking survey of nearly 5,000 children and young people aged 4–17, and their parents. See page 45 for more detail.

Closing the savings gap

— An important study of working-age adults' differing approaches to saving and what factors are important in driving their savings behaviour. The report attracted widespread media coverage, highlighting the low levels of savings of many people in the UK.

The economic impact of improved financial capability

— An analysis of how improved financial capability could benefit consumers and the wider economy, with projected gains to consumers of more than £100 billion over a 30-year period, assuming a uniform improvement in key measures of financial capability across the UK population.

AIM
2

Earlier and wider access to debt advice

With around 8 million people in the UK dealing with heavy debts, tackling over-indebtedness forms an important part of our statutory remit and of our work. We aim, through our financial capability work, to help people avoid getting into unmanageable debt. However, for those who do, we fund the provision of free, high-quality debt advice, delivered by our partners across the UK. The Money Advice Service is the largest single funder of free face-to-face debt advice in England, and we are a significant funding partner in the devolved countries.

We aim to increase access to free debt advice, and to drive improvements to the quality of advice and consistency of outcomes for people receiving debt advice – not just through the services we fund but across the sector.

Increasing access to debt advice

Across the UK we funded the provision of more than 440,000 free debt advice sessions – exceeding the target of 425,000 we set out in our business plan. We have committed a further £3 million to debt advice funding in 2017/18 and expect to commission debt advice for 468,000 people.

In total, our partners in England delivered debt advice to more than 380,000 people through our funding in 2016/17

Our funded services across the UK

In England we fund free, debt advice through a range of partner organisations: Citizens Advice, Capitalise, Money Advice West, East Midlands Money Advice and Greater Merseyside Money Advice Partnership. In total, our partners in England delivered debt advice to more than 380,000 people through our funding in 2016/17.

In Wales, through Citizens Advice and the close work with the Welsh Government, our funding helped deliver debt advice to more than 30,000 people.

Our existing three-year funding agreements come to an end in September 2017. As indicated in our business plan, we will extend those services while working with the sector to co-design new services across England and in Wales.

In Scotland we have a successful partnership with the Scottish Government, co-funding a series of debt advice projects administered by the Scottish Legal Aid Board (SLAB). These projects work with agencies that can help deliver advice to hard-to-reach groups – for example, organisations that support disabled people, those who have been subjected to domestic abuse, or people with severe mental health conditions. The projects we work with and fund in Scotland delivered debt advice to nearly 25,000 people during the year.

In Northern Ireland we have grant agreements in place in two streams, covering multi-channel advice across the 11 local authority areas; and community-based projects aimed at engaging hard-to-reach groups with debt advice. The projects we fund in Northern Ireland delivered debt advice to more than 5,000 people in 2016/17.

The impact of debt advice

We know that debt advice works and can have a transformative effect on people's lives.

In June 2017, we published the initial findings of an impact evaluation of our funded projects over the preceding year:

- Nearly all clients (93%) agreed actions to take following advice, and 94% of those subsequently took at least one action, with more than half (55%) taking all actions agreed. This is crucial, as initial analysis suggests that agreeing actions is the most influential predictor of positive outcomes overall.
- Within 3–6 months of receiving advice, nearly two-thirds (65%) of those with debts are either currently repaying them or had already repaid in full.
- The majority (59%) felt their financial situation is better than it was previously, with around a third (32%) saying it was much better.

The findings show that resolving problem debt also has a positive impact on other aspects of people's wellbeing. After receiving advice:

- 73% of people feel less stressed about dealing with their finances
- 62% say they are sleeping better
- 63% feel their mental health has improved
- 55% report better physical health
- 69% feel that their relationships improved
- 71% say they perform better at work

Improving take-up

There is still considerable work to do, however, if we are to ensure that as many clients as possible receive high-quality debt advice and reach the best possible outcomes. Our priority now is to understand more about which clients do not have positive outcomes, the types of situations they are in, and the factors linked to poorer outcomes.

Another important challenge is to get people to use debt advice services at an early stage. At present we estimate that only one in five people actively seeks debt advice when they find themselves in financial difficulties, and of those more than half wait up to a year before they do so.

Our debt advice locator tool helps people connect with free debt advice services at a local or national level. This unique tool features only free debt advice organisations holding a quality standard or membership code accredited by the Money Advice Service, so people can be reassured that the advice they receive will be of a high standard.

In 2016/17 people across the UK have used the tool on average more than 2,000 times a week and in total well over 100,000 times.

As well as making it easier to access debt advice, we are also working with organisations across the sector to find better ways of identifying people at risk of over-indebtedness and taking action to make sure they get the help they need.

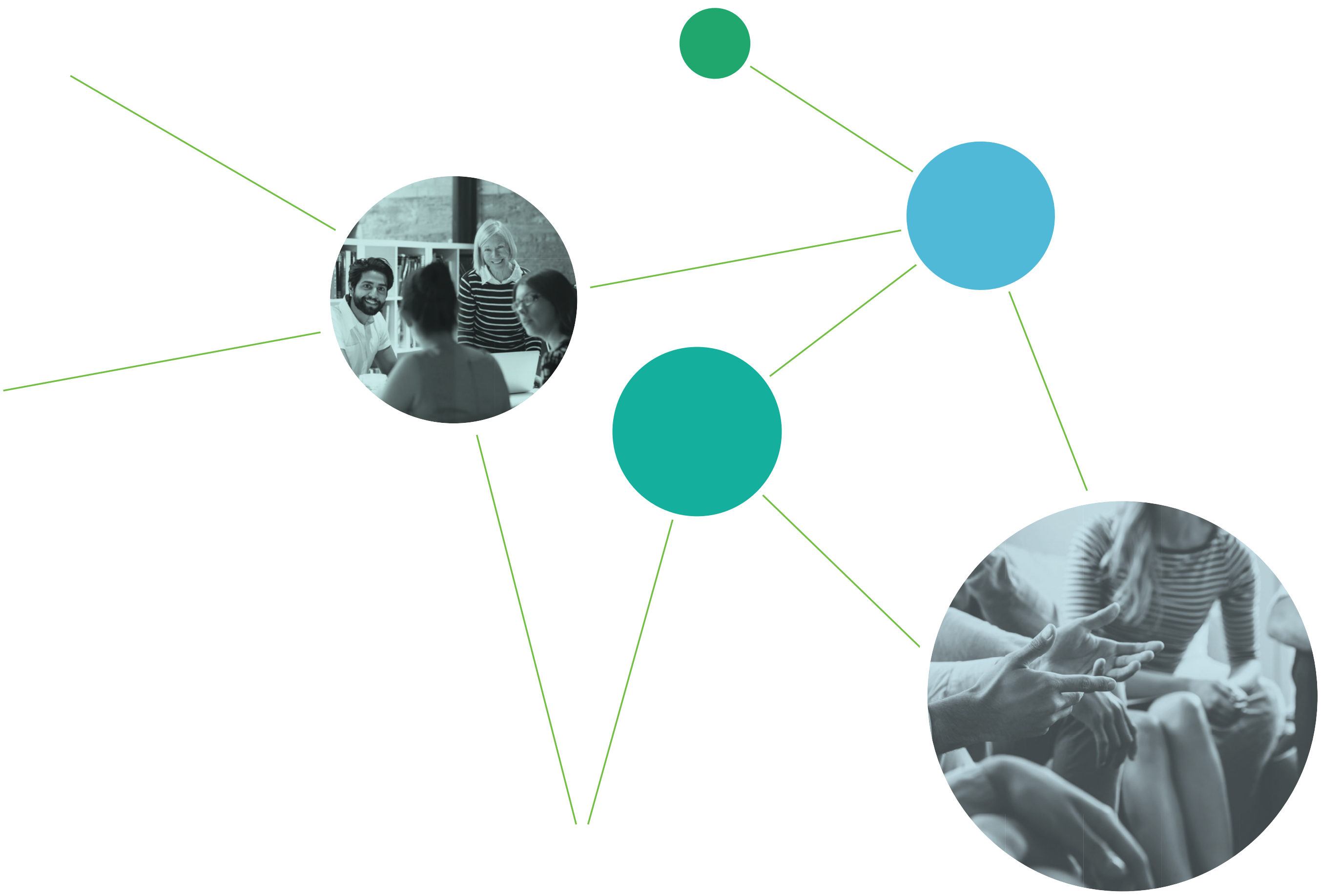
In June 2017 we published the findings of our research into the Symptoms of Problem Debt, which will inform this work and help to shape thinking about early intervention, including signposting of high-quality debt advice.

Peer support

In February 2017 we published a report examining the potential benefits of peer support for over-indebted people, exploring how individuals who are in, or have been in, similar challenging circumstances can provide each other with practical and emotional support to help them deal with and resolve situations. This approach is widely used by organisations that support people to make changes in their life around issues such as weight management or addiction.

Based on these findings, we believe peer support presents a real opportunity to improve engagement with debt advice, which will help more over-indebted people overcome their financial difficulties.

Alongside the report, we also published a 'how to' guide for practitioners looking at how to implement the approaches to peer support that were most favoured by over-indebted people. We are now working with our delivery partners to develop a pilot scheme. This will enable us to test and evaluate the impact of peer coaching – one of the nine approaches examined in the guide.



Improving quality and consistency

Standard Financial Statement

A major landmark in 2016/17 was the launch in March 2017 of a Standard Financial Statement (SFS) for debt advice agencies and creditors. The SFS brings together for the first time all the necessary information about a client's income and expenditure in a common form, and provides a single set of spending guidelines.

The SFS has been developed in partnership with advice providers, creditors, trade associations and other interested parties. Its increasing adoption across the sector will underpin improved service to clients by bringing greater consistency to debt advice, and offering a smooth transition through the process for over-indebted people, advisers and creditors.

STANDARD FINANCIAL STATEMENT

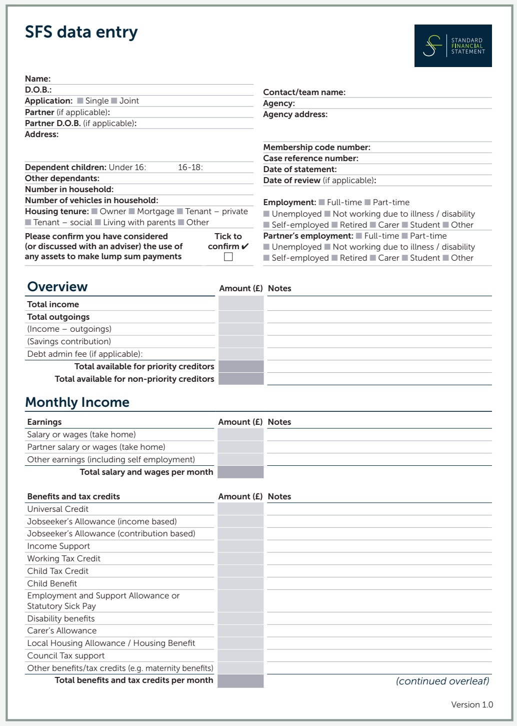
A single format financial statement for use by advice agencies and creditors which is replacing the other existing formats in use

A single set of common fixed and flexible expenditure categories

One set of spending guidelines (or trigger figures)

A savings category to build financial resilience

Developed in collaboration with debt advice agencies, creditors, trade bodies and other



SFS data entry

STANDARD FINANCIAL STATEMENT

Name:
D.O.B.:
Application: Single Joint
Partner (if applicable):
Partner D.O.B. (if applicable):
Address:

Contact/team name:
Agency:
Agency address:

Membership code number:
Case reference number:
Date of statement:
Date of review (if applicable):

Dependent children: Under 16: 16-18:
Other dependants:
Number in household:
Number of vehicles in household:
Housing tenure: Owner Mortgage Tenant – private Tenant – social Living with parents Other
Please confirm you have considered (or discussed with an adviser) the use of any assets to make lump sum payments Tick to confirm ✔ ☐

Employment: Full-time Part-time Unemployed Not working due to illness / disability Self-employed Retired Carer Student Other
Partner's employment: Full-time Part-time Unemployed Not working due to illness / disability Self-employed Retired Carer Student Other

Overview

Overview	Amount (£)	Notes
Total income		
Total outgoings		
(Income – outgoings)		
(Savings contribution)		
Debt admin fee (if applicable):		
Total available for priority creditors		
Total available for non-priority creditors		

Monthly Income

Earnings	Amount (£)	Notes
Salary or wages (take home)		
Partner salary or wages (take home)		
Other earnings (including self employment)		
Total salary and wages per month		

Benefits and tax credits	Amount (£)	Notes
Universal Credit		
Jobseeker's Allowance (income based)		
Jobseeker's Allowance (contribution based)		
Income Support		
Working Tax Credit		
Child Tax Credit		
Child Benefit		
Employment and Support Allowance or Statutory Sick Pay		
Disability benefits		
Carer's Allowance		
Local Housing Allowance / Housing Benefit		
Council Tax support		
Other benefits/tax credits (e.g. maternity benefits)		
Total benefits and tax credits per month		

(continued overleaf)

Version 1.0

More than 500 organisations have already applied to use the SFS. A wide range of debt advice agencies and the Insolvency Service are already using the SFS and many more will use it over the coming months.

Our aim is that by the end of 2017/18, 75% of all clients receiving debt advice will access it through organisations that use the SFS.

We have also developed a microsite sfs.moneyadviceservice.org.uk to support practitioners.

Working with a wide range of organisations across the debt advice and creditor sectors is crucial in achieving our objective of improving the quality, consistency and availability of debt advice in the UK. We engage with stakeholders regularly to help us remain up-to-date with developments in the sector but also to ensure our work adds value and is targeted appropriately.

In 2016/17, we met with creditor organisations, utility companies, debt advice providers, government and other stakeholders to explore the key challenges facing the debt advice sector and how the Money Advice Service and stakeholders could work together to tackle these challenges.

The outcome of these discussion was the formation of a ‘refreshed’ Debt Advice Steering Group, which brings together senior level representation from across the sector. This group met for the first time in March 2017 and has agreed to develop a sector-wide strategy which will look to drive improvements in:

- funding of debt advice
- more effective customer journeys into advice
- more consistent creditor practice
- further embedding of financial capability into debt advice
- debt solutions and options
- co-ordination of research

This work is also delivered by stakeholders at an operational level through the Debt Advice Operational Group, which is made up of more than 60 organisations involved in credit and debt. This group has expanded to involve a broader range of creditors and has gone from strength to strength during the year, with members reporting to us that it is delivering valuable and tangible improvements for the sector.

Looking ahead, this participation from our stakeholders will be crucial in delivering an effective sector-wide strategy and ultimately in improving services available to those with debt problems.

Driving higher standards and better outcomes

We have continued our work to drive higher standards of debt advice, working with providers in our own funded projects and more widely across the sector.

The Quality Framework we have put in place requires organisations and advisers we fund to hold an accredited standard. In 2016/17, more than 8,000 advisers used our Giving Good Debt Advice platform at ggda.org.uk. The platform features e-learning modules and online assessments, enabling advisers, caseworkers and court representatives to demonstrate that their skills and knowledge meet the requirements for their role.

The Peer Review Scheme we initiated last year enables specialist debt advisers to assess the work of other advisers and make recommendations for continuous improvement and development. We have continued the scheme in 2106/17 and have conducted a full review of the first year’s operation so that the findings can be shared across the sector and we used this to inform our roadshow of ‘Debt Best Practice and Innovation’ conferences across the UK.

In February 2017, we issued a consultation on debt solutions, inviting views from across the sector on whether increasing the range of debt solutions available could produce better outcomes for clients. The proposals – which included a ‘long list’ of 24 potential opportunities for change – were developed with around 40 organisations working with over-indebted people and were the product of a number of different research projects. We are now taking this work forward with the debt advice sector to establish whether the proposed solutions are practicable, and expect to publish the findings later in the year.

Finally, through our partnership with StepChange Debt Charity, we have provided access to free advice for over 3,400 clients from across the UK who required ongoing support following the closure of some debt management companies as a result of the FCA’s authorisation activity.

AIM

3

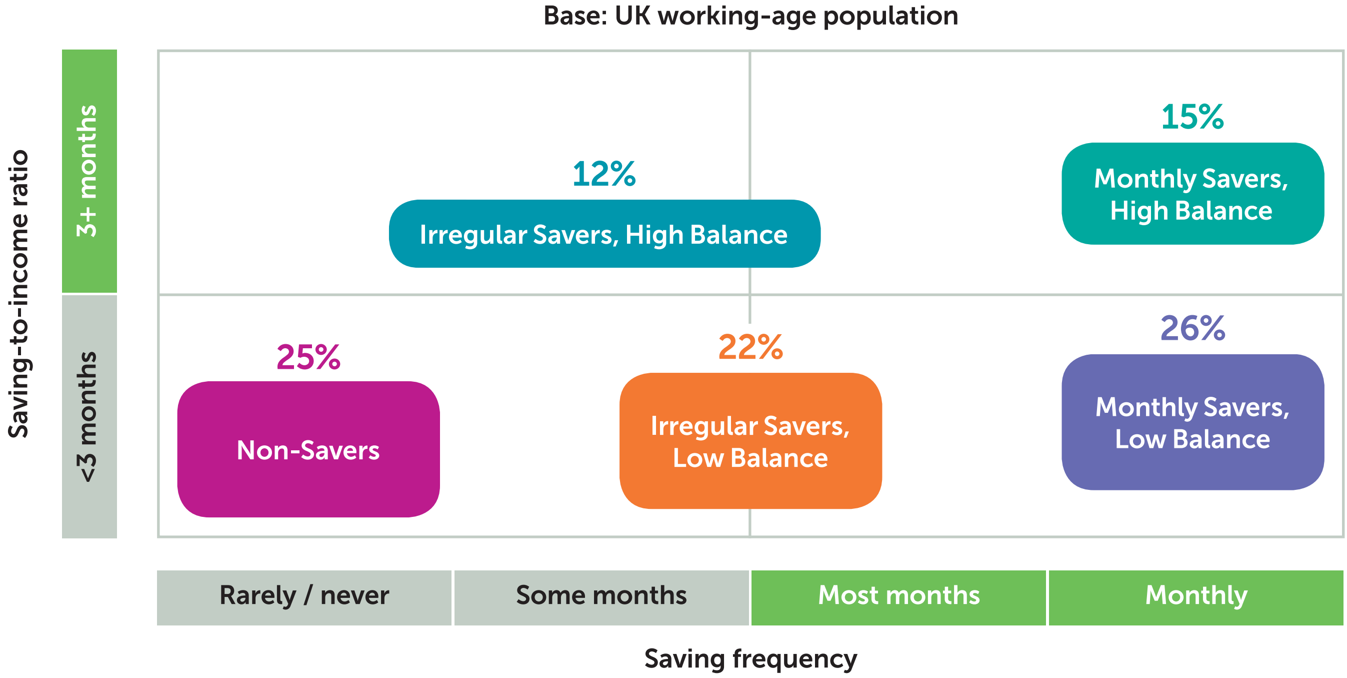
More people budgeting and saving

Even a small amount of savings can provide a crucial buffer against financial shocks, helping people meet unexpected costs and avoid taking out unmanageable debt. An established savings habit can provide a path to longer-term financial security and wellbeing.

Research – both our own and others' – has consistently shown that the UK suffers from persistent under-saving. Our Financial Capability Survey in 2015 indicated that only around a quarter (26%) have the equivalent of three months' post-tax income saved, while 30% have no savings at all.

In September 2016 we published further analysis, Closing the savings gap, which identified five groups of people with differing attitudes and approaches to saving, and explored ways in which barriers to saving might be overcome for these different groups.

Figure 1 – the five types of savers



The report generated widespread media coverage, enabling us to communicate with a large audience the importance of saving and, in particular, of having a 'rainy day fund'.

Our research has informed the development of the What Works Fund (see page 24) with a number of projects awarded funding to test the effectiveness of different methods of encouraging people to save. Further details of these projects can be found in our 2017/18 business plan.

The first round of tests in our Financial Capability Lab has also focused on saving – aiming to generate ideas for how best to give support to people who are 'just about managing' so that they can build a savings buffer. We are currently analysing the results of these tests to inform the development of larger-scale pilots.

The evidence we gather from these projects and others will feed into a comprehensive commissioning plan that sets out how we believe the available funding – including levy funding where appropriate – can best support people with budgeting and saving, particularly those in the 'struggling' and 'squeezed' segments we have identified.

Working with financial services firms

For many people, the interactions they have with their bank or building society, insurers and lenders are the times they will give most thought to managing their money.

We want to work with financial services firms to explore how these interactions can be used to help people take control of their finances, and how the relationships firm have with their customers, and the data they hold, can inform this – while always respecting the privacy of individual customers' data. We are also exploring how we can best work with the fintech sector to exploit the potential for apps and other mobile technology to make it easier for people to manage their money on a day to day basis.

The segmentation model we developed to inform our corporate strategy has been widely acclaimed and four major financial services firms have applied the model to analyse their own customer base. We are now exploring with them whether this can inform new ways to help customers stay on top of their finances and plan ahead.

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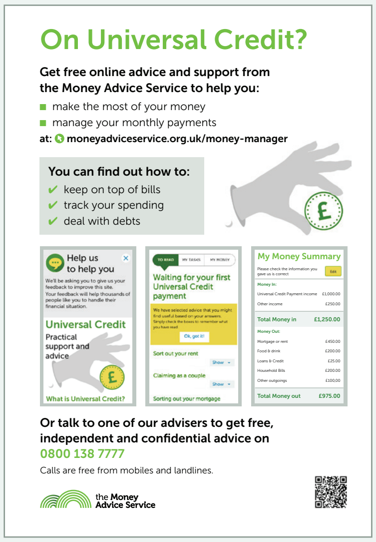
Universal Credit – support for claimants

The move to Universal Credit (UC) brings important changes for claimants. One of our major projects is helping benefit claimants with moderate budgeting needs, who may fall between our 'struggling' and 'squeezed' segments, to understand the effect UC will have on them.



We have worked with the Department for Work and Pensions (DWP) to launch a new online Money Manager – an interactive tool that offers personalised guidance to help people plan and budget for this new way of receiving their money and paying their bills. The tool offers personalised information about bank accounts, help with setting up direct payments to landlords, and support for budgeting and saving money on regular bills. It also signposts where people can go for additional support if they are struggling with financial commitments. The new tool was launched in February 2017 and has now been fully integrated into the Money Advice Service website.

We have also worked with social housing providers – including more than 30 local authorities and a number of large housing associations – to secure agreement for them to host the tool. This will enable claimants contacting them to use the Money Manager where this meets their needs, leaving their resources free to support those requiring a more 'hands-on' approach.

We are monitoring take-up of the tool and how claimants use the resources it provides, to inform ongoing improvements and refinements to the content and how the information is presented.

« *We are grateful to the Money Advice Service for the crucial role they have played in developing online budgeting support for Universal Credit claimants. Many claimants will need help with the move to monthly budgeting and using a bank account, in some cases for the first time. The Money Manager tool provides this, alongside a range of other useful content and information.*

Neil Couling, DG Universal Credit Programme, DWP

Rules of thumb

'Rules of thumb' can be an effective way of helping people deal with seemingly complex decisions by providing simple, memorable guidelines that are broadly applicable. As part of the implementation of the Financial Advice Market Review – a joint Financial Conduct Authority and HM Treasury initiative – we have contributed to a working group examining how rules of thumb could be deployed in financial services and what specific messages might be effective.

We will be taking this work forward in 2017/18, testing the impact of rules of thumb on consumer behaviour through our own guidance channels.

Working to boost numeracy

At the root of many people's problems with money is a lack of practical numeracy skills. A recent report for the Organisation for Economic Co-operation and Development (OECD) placed the UK near the bottom of the countries surveyed, with many unable to understand the concept of inflation or calculate simple interest. This is in line with our own Financial Capability Survey in 2015 which found, for example, that 22% could not read a bank statement, and 36% could not calculate the impact of a 2% interest rate on £100 in savings.

In October 2016, we hosted a roundtable alongside the All-Party Parliamentary Group (APPG) for Maths and Numeracy to highlight these issues and explore possibilities for tackling low levels of numeracy. We are planning to work more closely with the APPG in the new Parliament.

AIM
4

Improving access to guidance and advice

A core part of the Money Advice Service's remit is to make it easier for people to get high-quality guidance and advice to help them with financial decisions and making plans for the future. Our approach to this is based on developing a clear picture of the guidance landscape and focusing our own direct service on filling strategically important gaps.

People usually use our service as part of a wider search for guidance and support encompassing a number of different sources. We want to make sure the people coming to our service with particular questions or decisions get the immediate help they need, and are also guided towards sources of information – whether our own or from other providers – that cater for their longer-term needs.

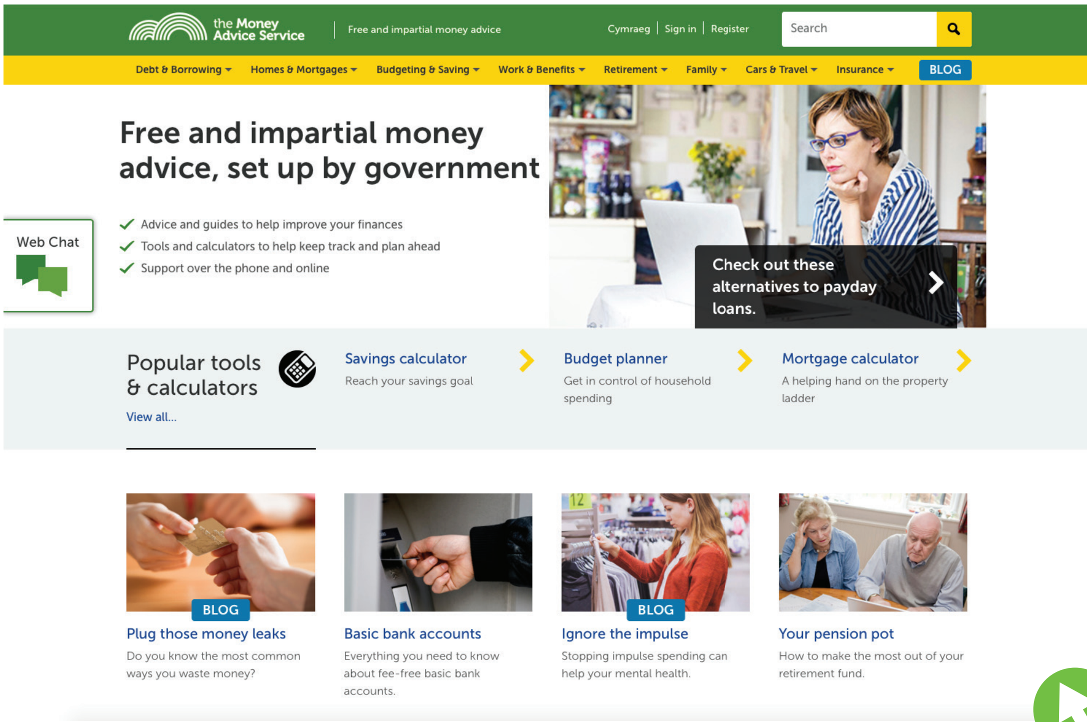
In 2016/17 we have continued to seek ways to make our services more targeted and cost-effective, while also looking at how we can connect more people to a wide range of services that can meet their needs efficiently and effectively.

Our direct service to consumers

Large numbers of people continue to make use of the Money Advice Service's own guidance channels, which provide a wide range of information and tools to assist both with everyday money management and effective planning.

Our website

In 2016/17, we received 26.8 million visits to our website moneyadviceservice.org.uk. This represents an increase of more than 4% on the previous year, in spite of ending our marketing and keyword purchase in response to the Government's review of the Service in March 2016.



Working with and through others

Working constructively with others to deliver positive outcomes is one of our core values. Partnerships with other organisations are an important part of making sure people can get the information and guidance they need.

Our tools and content are freely available for other organisations to use in their own customer communications and we currently have more than 750 partners linking to our content. In 2016/17 this helped to drive more than 5.3 million views of our content and tools. This is up 8% on the previous year, reflecting our strong commitment to delivering in partnership.

Some of the partners we have worked with in 2016/17 include:

- NHS Choices
- Virgin Money
- Bounty (a pregnancy and parenthood site)

Money Force (a resource for UK service personnel and their families)

Making our guidance crystal clear – for all our customers

We want anyone to be able to use our service and we aim to design our service to meet the diverse needs people have. Our phone service is available by Typetalk and our printed guides are available in Braille, large print and audio format on request; and our responsive website has been developed to adhere to the guidance of the World Wide Web Consortium's 'Web Accessibility Initiative'. We have included an online feedback tool for those wishing to bring accessibility issues to our attention, and we include a set of questions around equality, diversity and inclusion in all the quantitative surveys and trackers that we conduct.

In March 2017, the Money Advice service website was awarded a Silver Medal by the Plain Language Commission. This was the result of a project undertaken by our editorial team to ensure the content on the site is consistent, easy to read and meets the exacting standards set by the commission.

Our customers seem to agree...

« *Explains in everyday language the various options and what they mean in real terms. Very user friendly.*

« *Explained the topic perfectly to someone who hasn't got a clue!*

The most popular sections of our website during 2016/17 were:

Births, deaths and family	2.36 million page views
Homes and mortgages	1.91 million
Debt and borrowing	1.15 million

The tools we make available on our website are extremely popular and cover a wide range of subjects. The most widely used in 2016/17 were:

Stamp Duty Calculator	843,350 completions
Mortgage Calculator	325,750
Pension Calculator	233,600

« *Lots of useful information and help with useful resources.*

« *I use the Money Advice Service website all the time and it was a really good starting point to look at all of our options.*

We work continuously to ensure the information on our website is up to date – including incorporating legislative and regulatory changes that come into effect with the start of a new financial year, and rapidly updating content to reflect announcements made in the Government's annual Budget statement.

We also work hard to optimise the user experience, making the information and tools we provide easy to find and navigate.

« *I need clear, simple, step-by-step information to help me learn how to manage my money better – and this is what you have provided here.*

« *Provided me with the exact information I was looking for without having to scroll through numerous pages.*

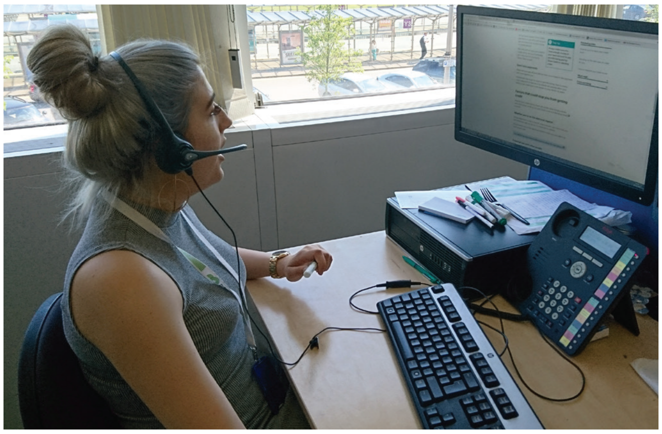
An enhanced contact centre

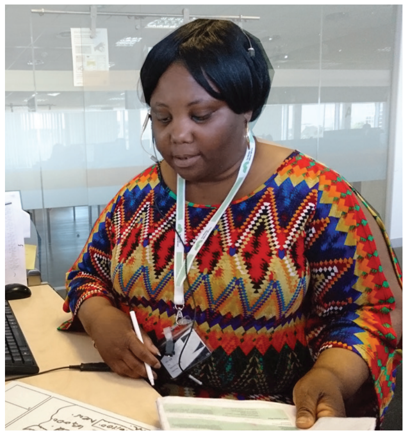
Alongside our website, we offer a comprehensive telephone service to help customers who prefer or need to talk through their guidance requirements. Customers can contact us six days a week by telephone on 0800 138 7777 and calls to the service are free.

A highlight of 2016/17 was the launch of our new contact centre in Milton Keynes in August 2016.

This has enabled us to provide an enhanced service, offering customers the option to have more in-depth conversations about their finances and enabling us to provide them with more rounded guidance. It also enables us to direct them to other sources of information where this will best meet their specific needs, including transferring pensions queries directly to The Pensions Advisory Service where this is indicated.

The staff in our contact centre have all been trained with a series of new technical guides with in-depth information on a full range of money matters. These guides – developed in conjunction with experts from the Open University and our own in-house team – provide all the information necessary to give customers the help they need.





In 2016/17 we fielded more than 128,000 calls through our contact centre.

In 2016/17 we fielded more than 128,000 calls through our contact centre.

More than two-fifths (43%) of these calls related to debt. Our contact staff are highly trained to deal effectively and sensitively with these calls, many of which come from people in urgent need of help. We are able to transfer clients directly to appropriate free debt advice services where this is indicated.

Other popular topics included benefits (14%) and homes & mortgages (13%).

Our contact centre also handles webchat queries via our website. In 2016/17 nearly 25,000 queries were dealt with in this way. We also receive a small number of email contacts which are dealt with through our contact centre.

While debt (21%) and benefits (17%) were also popular topics for webchats, pensions & retirement (17%) also featured heavily. Through our close working relationship with **The Pensions Advisory Service (TPAS)** we are able to put our customers in touch directly with the specialist pensions guidance they provide.

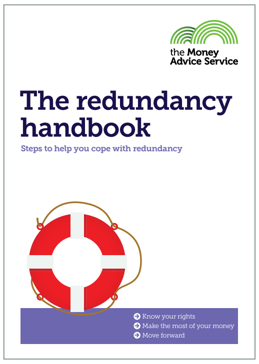
Easier access to specialist pensions guidance

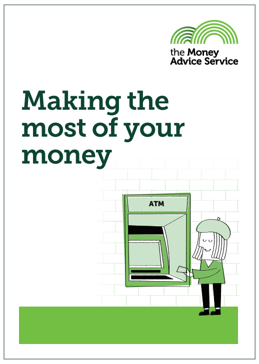
Following a successful pilot at the start of 2016, we worked with TPAS to set up an interactive voice recognition system (IVR) so that customers calling the main Money Advice Service line are offered the opportunity to connect directly to TPAS to speak to a pensions specialist. A 'warm transfer' was also established so that our money advisers can pass calls straight through to TPAS where appropriate, without the need for customers to redial.

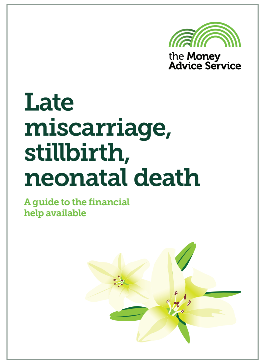
Over the course of 2016/17, around 13,000 calls were transferred to TPAS through the IVR system, representing more than 10% of the total volume of calls to our contact centre.

An important project for the coming year is to assess the potential for webchat to serve more people more effectively by incorporating elements of automated support, reflecting an increasing trend in the industry.

Printed guides







We also produce free printed guides for consumers, available for download on our website and distributed through partners. These are continually reviewed to ensure they remain relevant to their audiences. The subjects covered by these guides include:

- Mortgages
- Losing your job
- Universal Credit and other benefits
- Pensions and retirement
- Credit unions
- Fee-free basic bank accounts
- Money management
- Bereavement

In 2016/17, around 700,000 printed guides were distributed through various partners, in addition to copies downloaded directly.

As part of our work programme for 2017/18 we are taking a fresh look at the demand and need for the guides, and considering how best to make them available through other providers.

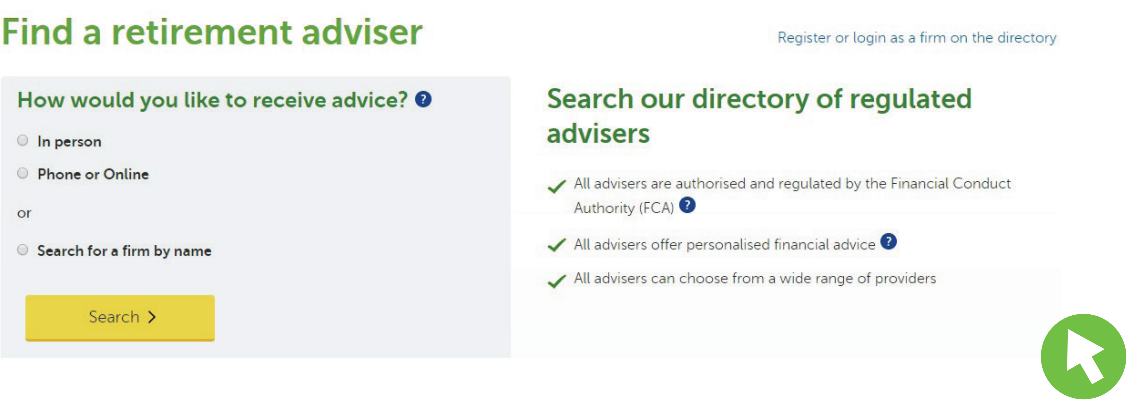
Improving pathways to regulated advice

Guidance of the type we and others provide free of charge does not – and cannot – meet all of people's needs. For many more complex decisions, people need regulated financial advice, which can offer them personal recommendations for specific products, backed up with a valuable range of consumer protections.

We want to ensure people seek out and receive high-quality financial advice when they need it. To that end, our website includes a retirement adviser directory, through which we aim to unite customers with qualified and regulated advisers, specialising particularly in the retirement market.

We have continued to refine the directory in the two years since its launch, to make it easier for consumers to find an adviser who can best meet their specific needs. In 2016/17, for example, we have introduced a new category for advisers offering a telephone service. This is particularly helpful for customers who have pensions and other assets in the UK but who are now resident overseas and for whom face-to-face regulated advice would not be practicable.

In 2016/17, nearly 70,000 people used the directory to search for a regulated adviser.



« I find the site contains a lot of very useful information which as I am nearing retirement age is very helpful.

Measuring our impact

We have always been proud of the high levels of customer satisfaction we have achieved, and this continues to be an important measure of the service we provide. In 2016/17 we once again had excellent satisfaction ratings, with more than nine out of ten (93%) customers agreeing that they would use our service again, or that they would recommend it to others, significantly exceeding our target of 88% (which related to the latter measure).

It is also important – both to us and to our customers – that our service has a real impact on how they manage their money. For our telephone service, two-thirds (66%) of customers reported taking action as a result of the guidance they received – exceeding the 60% target set out in our business plan.

In previous years we have also published an 'actions tracker' aimed at identifying actions taken as a result of guidance received through our website. We have been concerned, however, that the samples for surveys of online users were less reliable than for the telephone service, and that the tracker no longer reflected our understanding of customer journeys across the guidance landscape. We have therefore decided to discontinue the tracker and are in the process of developing a new approach that will enable us to identify not just how we are meeting immediate needs but also how customers' longer-term goals are being served, including through other services and sources of guidance.

Gauging access to guidance

There are many other sources of information, money guidance and advice available to people in the UK. A visit to the Money Advice Service website, or a call to our contact centre, is usually only a part of the customer journey.

An important factor in generating wider impact is the extent to which people feel they have access to guidance that meets their needs – regardless of its source. We committed in our business plan to establishing a baseline for this and have now completed our initial research. We found that just over half – 55% – of people feel they know where to find to free or affordable money guidance or advice.

Behind this headline figure is a wealth of data about which topics consumers feel are best served by easily accessible guidance, and those where consumers feel they could not get the help they needed. We intend to explore the 'heatmap' this produces to look at the objective availability of guidance on particular topics and determine whether the Money Advice Service or another organisation is best placed to make good guidance accessible to consumers.

The findings from this research will therefore help us identify where there are gaps in provision, and where more needs to be done to increase awareness of the range of guidance options available.

AIM
5

Widening and improving financial education

Helping to shape the attitudes and behaviours of children and young people towards money is critical to improving financial capability. Research increasingly suggests that what people see, learn and experience from an early age has a profound and long-lasting impact on their future financial wellbeing.

Our corporate strategy put in place a three-year plan to change the way financial education is delivered so that future generations can face their financial future with confidence.

While there are numerous programmes aimed at helping children and young people develop financial skills, there has been little rigorous evaluation of how effective these are and the evidence of ‘what works’ is patchy. Our work in 2016/17 has been focused on building this evidence, ensuring that what is learned can be shared widely and put to use on a larger scale.

Financial education is now on the curriculum for secondary schools right across the UK. We have an important role to play in working with schools and teachers to ensure that this gives pupils the solid grounding they need in money management. Responsibility for education policy is devolved so it is particularly important that we work closely with the governments in Scotland, Wales and Northern Ireland, and that we take into account the differing contexts in which schools operate.

We are also keenly aware that what happens in the classroom is only part of the picture. Children's experiences at home and in their wider social interactions, are likely to play an even bigger role. In most cases, parents are the main influence on how their children learn about and understand money. Identifying how parents can be given the support they need in this is a further important focus for our work.

Ground-breaking research

In line with our desire to enhance the evidence base, 2016/17 has seen the Money Advice Service conduct an ambitious programme of research focused on children and young people.

Children, Young People and Parents survey

The main focus was our in-depth survey of nearly 5,000 children and young people aged 4–17. Crucially, the survey also explored their parents' attitudes and how they think and talk about money as a family – the first of its kind in the UK to do so.

In March 2017, we hosted a well-attended event to highlight some of the findings of this research, and discuss them with a wider audience.

A key finding was that children whose parents involved them in decisions and discussions about money and who allowed them to experience using money – from as young as age 4 – are more likely to develop vital financial skills. These skills can have a major positive impact on their ability to save, budget and plan ahead financially in later life. Children who are not included in these discussions, however, or do not gain experience using money, risk being left behind.

When looking at 16-17-year-olds

32% say they haven't had the experience of putting money into a bank account

39% do not have a current account

59% can't read a payslip properly

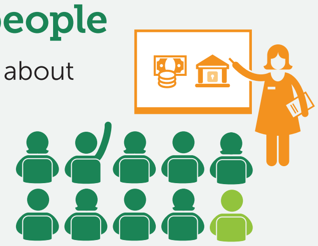
29% don't know what will happen if they don't pay their Council Tax

Financial education in schools

Half of children aged 7-17 say they have learned about money management at school

only 7% have talked to their teachers about money

Positively, over 9 in 10 young people who said they had learned about money management at school said it was useful



The research pointed to a number of ways parents could look to get their children more involved with money, such as:

- getting them to handle money from an early age and explain what it is for
- allowing them to choose their own treats within a fixed budget
- for older children, practical experience of banking and using apps and mobile devices

As part of the survey we also began a longitudinal study to track a cohort of 15–17 year-olds. We will continue to survey this cohort to see how their financial capability develops into adulthood. This will generate insights into what approaches are needed to support young people making the transition to financial independence.

'Talk, Learn, Do'

Since September 2015 we have been working with Big Lottery Fund and the Welsh Government on a join project – Talk, Learn, Do – to help parents develop their children's approaches to money management. The project ran throughout 2016/17, reaching thousands of parents across every local authority area in Wales.

With the delivery of the project completed in March 2017, we are currently conducting a rigorous evaluation of its impact, and what approaches have been most effective in supporting parents.

> « *Initially I was worried that the parents wouldn't come round to it, I was a little sceptical it would work but when I put it into action it did work, it was fantastic!*

> « *The best part has been the alien [exercise]. The impact has been phenomenal. You can see parents changing instantly just off that one exercise. It's the most powerful part.*

1970 British Cohort Study

Our research event also showcased the early findings from our analysis of the 1970 British Cohort Study (BCS70). This is an important resource for social researchers, consisting of data for more than 17,000 people all born in the first week of April 1970, based on periodic surveys. The most recent survey was conducted in 2012, when the participants were aged 42.

We have conducted extensive analysis of the data to explore connections between the skills and behaviours exhibited at various stages of childhood, and future financial outcomes such as long-term savings and borrowing.

We will publish the full analysis in summer 2017 and this will inform further work to establish, for example, what skills and behaviours we need to build on, and at what age interventions are likely to have the greatest impact.

We are also planning a series of events across the UK to bring wider attention to our research and stimulate further debate and discussion.

Supporting effective evaluation

An important part of the Money Advice Service's role in co-ordinating the Financial Capability Strategy for the UK, is to drive the use of more effective evaluation to build a high-quality evidence base.

The projects we are supporting through the What Works Fund (see page 24 above) include a number aimed at improving financial capability for children and young people. A particular focus is on reaching groups of children and young people who may be particularly vulnerable to low levels of financial capability.

In 2016/17 we have worked with The Social Innovation Partnership (TSIP) to support ten organisations providing financial education to children and young people. Our support has been directed towards helping these organisations develop credible 'theories of change' and to improve their knowledge and application of evaluation methods.

We have also worked with Young Enterprise (YE) to develop a revised Financial Education Quality Mark, launched in October 2016. For the first time, recipients of a YE Quality Mark – awarded to educational resources and materials that meet the requirements – is now dependent on developing a theory of change that sets out what an educational resource intends to achieve, and on having a clear evaluation plan, with a commitment to adapting the resources in line with the evaluation findings. Applicants are also required to sign up to the Financial Capability IMPACT Principles.

Maths in Context

We have also worked with Young Enterprise in 2016/17 on developing their 'Maths in Context' programme, an initiative we are funding alongside the Education Endowment Foundation.

The project aims to explore whether teaching teenagers 'real-world' maths – such as estimating the cost of a gas bill or calculating the interest on a savings account – can help improve not just their financial capability but also how well they do in their maths GCSEs.

The project has undergone small-scale pilot testing in 2016/17 and will begin full-scale delivery in 2017/18. We are also examining whether the approach can be extended to older pupils who have been required to resit their GCSE in maths.

As noted under Aim 1 above (see page 20), we have also begun work on developing a new Youth Practice Outcomes Framework, as part of our Financial Capability Evaluation Toolkit. This will help practitioners working with children and young people to design and implement robust evaluation methods to assess the impact of their projects.

Our people and values

Our organisation and the work we do rest on the people we employ and the values they embody.

Our values

Our organisation and the work we do rest on the people who work here and the values they embody.

Customer focused	Collaborative	Passionate	Open	Listening and learning
We put the customer at the heart of everything we do	We work together as 'one MAS'	We have energy and drive to make MAS a great place to work	We are honest, transparent and build trust	We actively listen so we can learn more

Equality, diversity and inclusion

Equality, diversity and inclusion are central to what we do and to the way we take decisions. This applies both to our role as a service provider and as an employer. We aim to employ the right people – so that the diversity of our workforce is representative of our customers, stakeholders and partners; and promote the right culture – fostering a values-led environment that supports difference and enables people to contribute fully.

Our people

We employ around 160 people, the majority in our central London office. To reflect the needs of a diverse population, we need to draw on the widest possible range of talent. We aim to create a culture that recognises, respects and values differences, and harnesses them to the benefit of those receiving our services.

We seek to be recognised as a fair employer, who recruits, develops and promotes a diverse and talented workforce; and as an employer who provides an inclusive workplace where there is equal opportunity for all our colleagues regardless of:

- age
- disability
- gender reassignment
- marriage and civil partnership
- pregnancy and maternity
- race
- religion or belief
- sex
- sexual orientation

This is in line with the Public Sector Equality Duty (under the Equality Act 2010).

Making the Money Advice Service a great place to work

We want to:

- provide challenging work that makes a real difference to our customers and society more widely
- give our people broad responsibilities that challenge, excite and interest them
- help staff be as good as they can be – we place a huge emphasis on training and development and seek to create a place where people can grow their career
- make sure people have the right tools to do their jobs well, making appropriate adjustments where needed

We conduct annual staff surveys to gauge the views of employees. In 2016/17 this found that:

- 86% of staff believe strongly in the organisation's purpose and objectives
- 82% feel they understand how their work contributes to the success of the organisation
- 81% feel they are treated with fairness and respect

The survey also identified a number of areas where significant improvement is needed, however, and we are taking action to address these by improving the way we:

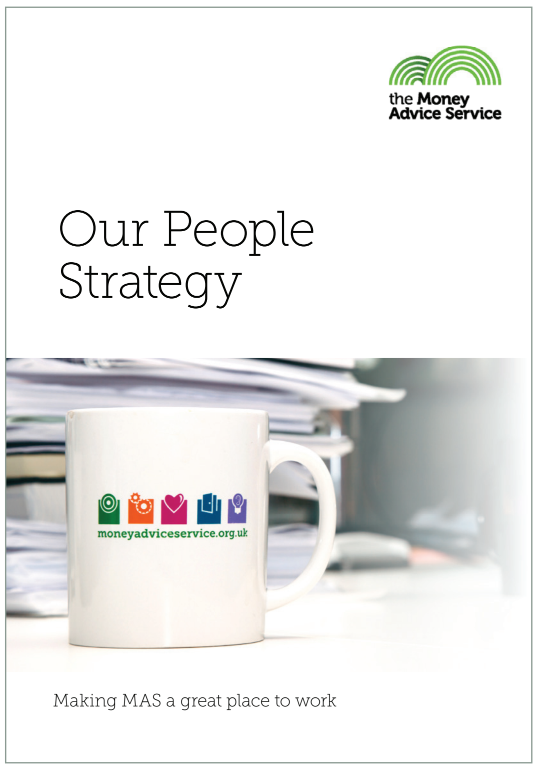
- lead, manage and develop our people
- manage and communicate change
- work together as 'one MAS' to deliver a common goal

The leadership team has worked with staff to develop and implement a plan to tackle these issues, so that it benefits from ongoing input from the people who work here. It has already started to deliver positive results, with a significant improvement in staff retention in recent months.

In 2016/17 we put in place a refreshed People Strategy, driven by our values. The Strategy focuses on:

- enhancing our leadership and management capability – delivered through a rigorous leadership programme
- embedding a strong performance management culture – providing training, guidance and tools for people managers to draw on
- improving staff engagement and making the Money Advice Service a better place to work

It aims to harness our diverse talents to enable us to achieve our corporate vision, and also to provide exciting, stretching and rewarding career opportunities so that people can thrive.



Statutory reports

Strategic report

The Directors present their Strategic Report for the Money Advice Service for the year ended 31 March 2017

Review of the company's business

In the year the Money Advice Service focused its expenditure on delivery of its key objectives of helping people to manage their money better. It reported a surplus income over expenditure of £1.9m for the year ended 31 March 2017, compared to a surplus of £3.0m for the year ended 31 March 2016.

During the year, £3.8m was utilised from accumulated surplus for Debt Advice as budgeted and indicated in the 2015/16 strategic report, thereby leaving an accumulated surplus of £14.0m. We will return £7.9m to fee payers by reducing their levy in 2017/18.

Key areas of expenditure for the year ended 31 March 2017 continued to be the delivery of services (through delivery partners, by phone and online). We spent £48.1m (63.5%) of our net costs on frontline service delivery (2015/16: £49.7m).

Money advice

In our money advice work, we spent £4.9m (2015/16: £8.2m) on service delivery which resulted in 128,000 (2015/16: 144,000) telephone, e-mail responses and web-chat sessions, and total online customer contacts of 26.8m (2015/16: 25.9m). In September 2016, as planned, we discontinued our face to face service and during the same period, we successfully launched our new contact centre (tasked with service delivery as above) in August 2016, based in Milton Keynes.

During the year, we launched a new funding programme, the 'What Works Fund' (WWF). This fund is dedicated to addressing the gaps identified by the financial capability strategy for the UK. The total budget allocated for the WWF fund was £7m for 2016/17 (further information about the programme is on page 24).

The success of the WWF in attracting a high volume of applicants (over 400) presented certain challenges for the Money Advice Service. In order to ensure robust governance standards for the WWF, we have taken longer to set up, approve and fund the successful applications. As a result, the amount spent to date of £2m is significantly lower than the budget of £7m. The underspend on the WWF contributed to the overall underspend of the money guidance budget this year. It also meant that the majority of WWF expenditure was pushed out into the 2017/18 financial year for the first tranche of the approved 58 projects. (Please refer to the section 'Principal risks and uncertainties' on page 60 of this report for further comments on the WWF).

To complement the WWF, we commissioned the Behavioural Insights Team (BIT) to establish and run a new Financial Capability Lab. The purpose of the Lab is to generate and rapidly test new ideas that might tackle some of the most complex and difficult financial capability challenges facing people across the UK. The final report will include recommendations for further developing and piloting the most promising ideas. Focusing on areas that received fewest applications through the WWF, the Lab includes three challenges facing people in the 'Squeezed' segment: low levels of short-term savings, low levels of engagement with seeking financial guidance and support, and taking control of spending and credit use. The project commenced in November 2016 and will run for 11 months.

Other notable money advice expenditure includes: support services of £3.6m (2015/16: £3.2m) for costs relating to finance, procurement, legal, human resources, project management and information systems; information technology hosting of £0.5m (2015/16: £1.8m) for digital services; research and evaluation of £2m (2015/16: £2m) (for a full list of costs, refer to page 104). During the year we focused on improving our business continuity planning; we invested in resource for developing and testing the plans and processes.

A few achievements for money advice worth highlighting include the successful development of the budgeting tool for Universal Credit claimants; and the 1.6m children and young people served by interventions by delivery organisations that have signed up to IMPACT principles against a target of 1m (further information on what we have achieved during the year is included on pages 14–18).

Debt advice

In our debt advice work we funded over 411,000 (2015/16: 352,200) debt advice sessions in England and Wales through our partners at a cost of £39.4m (2015/16: £37.3m). We also spent £3.9m on debt advice in Scotland and Northern Ireland. (2015/16: £3.4m). This has delivered over 24,800 (2015/16: 25,900) sessions in Scotland and over 5,100 (2015/16: 2,500) sessions in Northern Ireland. Across all nations over 441,700 people have been helped through our debt advice providers in 2016/17 (2015/16: 380,600).

Other notable debt advice expenditure includes: research and evaluation £1.4m (2015/16: £0.6m) and support services costs of £2.1m (2015/16: £1.5m).

Debt advice achieved significant successes through the year, including delivering on the Standard Financial Statement (SFS) and exceeding its target of 425,000 debt sessions. The SFS is a major landmark in 2016/17, it brings together for the first time all the necessary information about a client's income and expenditure in a common form, and provides a single set of spending guidelines. More than 500 organisations have already applied to use the SFS. Organisations such as PayPlan, MoneyPlusGroup, and the Insolvency Service in England & Wales are already using the SFS and many more will be switching over the coming months.

Income and cash

Levy income received was £30.9m (2015/16: £34.6m) for money advice and £46.5m (2015/16: £47m) for debt advice for the year ended 31 March 2017, further details of income received are included on page 105. Cash in bank at 31 March 2017 was £38.8m compared with £22.2m for the year ended 31 March 2016; this is an increase of £16.6m cash in the year, primarily due to funds received from the FCA in relation to 2017/18 levy income. Further details of total trade and other payables are included on page 112 of our financial statements.

Performance against budget

Net costs before capital expenditure and tax for the year ended 31 March 2017 were £75.8m compared to £78.9m for the year ended 31 March 2016 and resulted in a surplus income over expenditure after tax for the year of £1.9m (2015/16: £3.0m).

Summary of reserves for the Money Advice Service (MAS)	Notes	General reserve Money Advice £'000	General reserve UK Debt Advice £'000	Special reserve UK Debt Advice £'000	MAS Total £'000
Opening reserve 1 April 16		5,335	4,770	2,042	12,147
Surplus / (deficit) 2016/17		4,361	(2,456)	(11)	1,894
Transfer between reserves	A		204	(204)	
Closing reserve 31 March 2017		**9,696**	**2,518**	**1,827**	**14,041**
Max reserve per policy	B	6%	8%		
Total reserve allowed per policy	C	1,800	3,600		
Return to fee payers		**7,896**	**0**	**0**	**7,896**

Note A

During the year, we transferred £0.2m from special reserve to debt advice general reserve. This reflects the updated liability we have worked through with our partners.

Note B

The reserve is calculated as a percentage of the funding budget set for the year (money guidance £30m; and debt advice £45m excluding impacted clients).

Note C

Money Advice – we will retain £1.8m and return a total of £7.9m to fee payers in 2017/18, this is comprised of the underspend in-year and accumulated reserves from prior years.

UK Debt Advice – we will retain £2.5m as a reserve in 2017/18. This surplus will be used in 2017/18 to support clients effected by the changes in the debt management sector as a result of regulation of consumer credit firms.

Application of reserves policy

During the year, the Money Advice Service updated its reserve policy. Previously, reserves were calculated on a cash equivalent basis, this year we have calculated reserves based on an accounting surplus.

The Money Advice Service has set a general reserve policy, which is applied to separate reserves for Money Advice and UK Debt Advice levies whilst they remain separate funding streams. At present the Audit and Risk Committee has set the general reserve level for Money Advice of up to 6% and for Debt Advice of up to 8%. The reserve is calculated against the current year's agreed funding. Decisions to utilise the reserve are taken by the Audit and Risk Committee on behalf of the Board and cannot be transferred between Debt and Money Advice. If there is surplus income arising after all reserves have been agreed, this will be deducted from future levies.

In accordance with our reserves policy agreed with the FCA, a Money Advice general cash reserve of £1.8m will be carried forward, which is 6% of the 2016/17 year's funding (2015/16: £2.1m, 7%). For UK Debt Advice a general reserve of the full accumulated surplus of £2.5m will be carried forward, which is 5.5% of the current year's funding (2015/16: £4.9m, 10.9%). This is under the maximum allowable reserve of 8%. This general debt advice reserve is in addition to a £1.8m special reserve for UK Debt Advice (2015/16: £2.0m).

The UK Debt Advice special reserve has been reduced by £0.2m to £1.8m (2015/16: £2.0m). We amended the reserve based on our review completed in consultation with our partners this year. The updated reserve is an appropriate amount for potential redundancies in England, Wales and Northern Ireland if funding was withdrawn. This reserve is retained for a specific purpose, and this is not a provision or a liability. We will review the special reserve on an annual basis with lead organisations to ensure the amount remains appropriate. In accordance with their three-year grant agreements, the lead organisations must provide for any potential redundancy liability accruing after 1 October 2014 (we have requested confirmation of this arrangement from the lead organisations).

Our general reserves (Money Advice and UK Debt Advice) will continue to be used in accordance with our accounting policy to fund "unplanned" general expenditure such as over performance on service delivery.

Funding

The Money Advice Service's primary source of income for its money advice and debt advice work is from levies raised from Financial Services and Markets Act 2000 authorised firms, payments institutions and electronic money issuers. Levies are raised and collected by the Financial Conduct Authority (FCA) on behalf of the Money Advice Service.

During the year, the Money Advice Service received levy income from consumer credit firms. The FCA took over regulation of consumer credit firms from the Office of Fair Trading (OFT) in April 2014 and started collecting levies from firms that have been regulated during 2015/16. As there was uncertainty about the number of firms that would be levied, we agreed with the FCA to defer this funding levy block and offset it against our current funding year (2016/17). Consequently this year, the levy from consumer credit firms was higher than expected, and this resulted in a higher than budgeted total income.

Going concern

The business activities of the Money Advice Service are covered above in this report. The Money Advice Service's exposure to credit risk and liquidity risk are included in the notes to the financial statements.

The Public Financial Guidance Review published in March 2016 the intent to replace the Money Advice Service with a new money guidance body. On 19 December 2016, the Government published a fresh consultation, setting out plans to bring the functions of the Money Advice Service, TPAS and Pension Wise together in a single new money guidance body, to be fully operational by autumn 2018 at the earliest.

The mandate for a new body will require legislation to be presented and passed; this will take place after the June 2017 general election. Given the political uncertainty, the earliest date for the establishment of the new body is still likely to occur towards the latter half of our 2018/19 financial year. The cash reserves held by the Money Advice Service at year end (see summary from the statement of financial performance above for details), provides management a reasonable expectation that the Money Advice Service has sufficient resources to continue its business for the foreseeable future. Therefore, whilst management acknowledge there are material uncertainties that may cast doubt on the company's ability to continue to adopt the going concern basis in the future, for this financial period it is reasonable to continue to prepare the accounts on a going concern basis. This is supported by the approval of our 2017/18 business plan by the Financial Conduct Authority (FCA) and HM Treasury. A 'going concern' basis continues to be appropriate in preparing the annual financial statements, this will be reassessed in future reporting periods.

The cash reserves held by the Money Advice Service at year end (see summary from the statement of financial performance above for details), provides the directors a reasonable expectation that the Money Advice Service has sufficient resources to continue its business for the foreseeable future. Therefore the 'going concern' basis continues to be appropriate in preparing the annual financial statements, this will be reassessed in future reporting periods.

Future developments

Our strategic direction in 2017/18 is to build on the work we have delivered during 2016/17. We plan to implement fundamental changes to become a more strategic and evidence-based organisation, focused on a small number of clearly identified gaps. While the Government's announcement that a new money guidance body will come into existence in 2018 means there is no requirement for a long-term strategy, we have a mission for the remaining one to two years of our existence.

In 2017/18 we plan to:

- Continue to deliver on our statutory objectives to help people manage their money better, and to improve debt advice.
- Build agreement about the gaps in the landscape, and build robust evidence of what works, in interventions to improve financial decisions.
- Prepare for the transition to the new body.

The following are the principal areas of activity for 2017/18

Delivery through others

We will continue to provide strategic leadership, secretariat, governance, and research and development functions of the Financial Capability Strategy for the UK. We expect to complete 58 'What Works Fund' projects and provide a further round of funding of £3m for the programme.

Earlier and wider access to debt advice

We will work with a range of organisations across the sector to develop a strategy for debt advice and management to address problems related to co-ordinating funding, customer journeys and a range of debt solutions. The Standard Financial Statement delivered in 2016/17 will be built into the design of advice serving 75% of debt seekers and we will fund an additional 43,000 debt advice sessions.

More people budgeting and saving

We will fill in knowledge gaps by funding 'What Works Fund' projects; developing our approach to supporting the budgeting and savings needs of the targeted Universal Credit claimant groups; and developing a commissioning plan which sets out how our funding and the work of others can best help people in the 'squeezed' and 'struggling' segments.

Improving access to guidance and advice

We will increase the number of people accessing our services from the 'squeezed' and 'struggling' segments to 3.7 million. We will continue to deliver and refine an effective, low cost digital service, receiving all its traffic from unpaid sources and review our printed guides to ensure we have the right range and distribution.

Widening and improving financial education

We will survey and map children's financial capability needs across the UK; we will fund at least 10 'What Works Fund' projects that will build robust evidence, a parenting skills pilot and a maths in context pilot. Additionally we will develop a commissioning plat on how our funding and the work of others can best help financial education for children and young people, at home or in schools.

Equality and diversity

The Money Advice Service is committed to the principle of equality, diversity and inclusion. The Money Advice Service continues to seek ways of further improving its performance in this area, ensuring that all members of the Board, staff, visitors and applicants are treated on the basis of their merits and abilities and that no one suffers discrimination or disadvantage regardless of gender, race, disability, sexual orientation, religion/belief or age.

The Service has embedded equality and diversity policies into its work. Details of what we have done to embed these policies into the organisation are detailed in our annual review.

Health and safety

The Money Advice Service is committed to providing a healthy and safe environment. It pursues a policy to promote health and safety at work and seeks the cooperation of all employees and visitors in this endeavour.

Trade payables payments policy

The Money Advice Service's policy is to aim to pay 100% of valid invoices with a correct purchase order within 30 days of receiving them. The average time taken to pay suppliers from receipt of invoice was 29 days (30 days in 2015/16).

Principal risks and uncertainties

The Public Financial Guidance review and subsequent developments

In 2015, the government launched the public financial guidance consultation to seek views on how publicly funded pensions guidance, debt guidance an money guidance could best be structured to help consumers make effective financial decisions. The outcome of the review was published in March 2016, with the Government consulting on proposals to replace the three existing organisations with two new bodies: a new money guidance body, and a new pensions guidance body. Under these proposals, it was envisaged that the new money guidance body would continue to commission free debt advice services but would not offer a direct money guidance service to consumers, nor have a public-facing brand. The consultation underlined the importance of continuing work to build financial capability.

As a result of this, the Money Advice Service had to make significant changes to how it proceeded with the 2016/17 financial year. Planned investment in direct services was reduced, all direct marketing activities were ended, and we strengthened the focus on developing new commissioning plans. We also established a transition team to prepare for the move to the new bodies.

On 19 December 2016, the Government published a fresh consultation, setting out plans to bring the functions of the Money Advice Service, TPAS and Pension Wise together in a single new money guidance body, to be fully operational by autumn 2018 at the earliest.

More recently, with the outcome of the general election, we have some added uncertainty in terms of timing and a definitive outcome. Whilst we anticipate that we will be proceeding with our approved 2017/18 business plan, and aim to work towards the outcome for a single new body, there is an element of risk in this assumption if there were to be further changes in the political environment.

What Works Fund

As noted above, the success of the WWF in attracting a high volume of applicants presented certain challenges for the Money Advice Service. The programme highlighted the need for the Money Advice Service to have a greater flexibility in planning timescales for such programmes, to allow the participating organisations to align with our requirements for high levels of governance. Whilst the delays in the programme have not been desirable, a positive outcome from the experience has been that the various organisations engaged in the programme have satisfied our governance requirements and we have in place good processes for the following tranches. For the 2017/18 financial year, we have committed a further £3m towards the programme, including a commitment to fund an additional 8 projects in 2017/18.

The challenge and uncertainty that remains for the Money Advice Service is that this programme has no historical precedent from which we can predict the complete future outcome. This is further complicated by the varying sizes and nature of the external organisations involved. For example, if an organisation were to face challenges of general funding, they may not be able to deliver on specific projects they have committed to (such as WWF). Whilst the financial risks for the Money Advice Service is mitigated on this through our rigorous governance processes, the risk of timeline slippage could edge back in. Regular reporting implemented should minimise this risk, but does not completely eliminate it, because to achieve the outcomes desired, a certain level of flexibility in dealing with the external organisations needs to remain in place.

Debt advice

We have increased our debt advice budget by £3m for the 2017/18 financial year. Whilst this was welcomed by some during the consultation process, there were some questions about the impact of offsetting this against preventative measures of money advice. Given the high needs in the debt advice space, we are proceeding with the increase. This therefore also increases our exposure to the risks of commissioning. The risk is mitigated by the fact that we have improved quality and evaluation standards in our requirements and commissioning objectives.

The future commissioning strategy will set out our approach to commissioning debt advice over the next five years. The strategy will include a sourcing programme for the services we will procure. Any change between current and future provision will inherently carry a service continuity risk.

By Order of the Board

Michelle Clewer
Company Secretary

Directors' report

for the year ended 31 March 2017

Directors' report for the year ended 31 March 2017

The Directors of the Money Advice Service present their report, together with the audited financial statements on pages 92 to 95 and associated notes on pages 96 to 116 for the year ended 31 March 2017.

Principal activities

The Money Advice Service (registration number 7172704) is a company limited by guarantee. The members of the Company have agreed to contribute £1 each to the assets of the company in the event of it being wound up.

It was launched as the Consumer Financial Education Body in April 2010, an independent organisation set up under the Financial Services Act 2010 to help people understand financial matters and manage their money better. The Act removed the 'public awareness' objective from the Financial Conduct Authority and set out new, broader objectives for the organisation.

Its statutory objectives are to:

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

The statutory functions include but are not limited to:

- promoting awareness of the benefits of financial planning;
- promoting awareness of the financial advantages and disadvantages in relation to the supply of particular kinds of goods or services;
- promoting awareness of the benefits and risks associated with different kinds of financial dealing (which includes informing the Authority and other bodies of those benefits and risks);
- publishing educational materials or the carrying out of other educational activities;
- providing for information and advice to members of the public.

It became the Money Advice Service on 4 April 2011.

The Financial Services Act 2012 includes an amendment to these statutory functions to additionally include specific responsibility for debt advice, specifically to:

- assist members of the public with the management of debt;
- work with other organisations which provide debt services, with a view to improving
  - the availability to the public of those services
  - the quality of the services provided
  - consistency in the services available, in the way in which they are provided and in the advice given.

The Money Advice Service exists to change people's lives by helping them make the most of their money, both through our own service and by working with others.

Directors

The Board of the Money Advice Service is appointed by The Financial Conduct Authority (FCA); with the appointment of the Chair and Chief Executive also requiring HM Treasury approval.

The Directors of the Company, who served during the year, together with their dates of appointment to the Board are as shown below:

Non-executives	
Andy Briscoe (Chairman)	appointed 27 September 2013
Nicola Bruce	appointed 1 April 2015
Mike Dailly	appointed 1 April 2015
Jonathan Douglas	appointed 4 January 2011
Caroline Fawcett	appointed 1 April 2015
Richard Hughes	appointed 4 January 2011
Stephen Locke	appointed 4 January 2011
Chris Morson	appointed 1 September 2015
Robert Skinner	appointed 1 February 2012
Executives	
Charles Counsell (CEO)	*appointed 5 June 2017*
David Haigh	appointed 1 June 2015
John Penberthy-Smith	appointed 1 June 2015
Caroline Rookes (CEO)	*appointed 1 February 2013, retired 2 June 2017*
Sheila Wheeler	appointed 1 July 2016

Further details of the Money Advice Service's Directors are included in our governance statement for the year ended 31 March 2017 (see page 68).

Directors' insurance

The Company maintains an appropriate level of Directors' and Officers' liability insurance which is reviewed annually.

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 the which the Company's auditors are unaware

b) 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 Company's auditors are aware of that information.

External auditors

Under the Financial Services Act 2012 the Comptroller and Auditor General (C&AG) was appointed the statutory auditor of the Service.

Internal auditors

In June 2016, the Audit and Risk Committee agreed to appoint Grant Thornton as its internal auditors for another year, with the option to extend to 2019. Grant Thornton has undertaken 7 reviews for the year ended 31 March 2017 (see page "Internal Audit" on page 80 for details).

Political donations and political expenditure

The Company has not made any political donations for the year ended 31 March 2017.

The Strategic and Directors' Report was approved by the Board on 6 July 2017 and signed below by order of the Board.

By Order of the Board

Michelle Clewer
Company Secretary

Statement of Directors' and Accounting Officer's responsibilities

Statement of Directors’ and Accounting Officer’s responsibilities

The Directors are responsible for preparing the Directors’ Report and the Financial Statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

— select suitable accounting policies and then apply them consistently;

— observe the accounts direction issued by HM Treasury in accordance with section 5(2) of the Government Resources and Accounts Act 2000;

— make judgements and accounting estimates that are reasonable and prudent;

— state whether applicable IFRS as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and

— prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

— confirm that the annual report and accounts as a whole is fair, balanced and understandable and that he or she takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company’s website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Accounting Officer of HM Treasury has designated the Chief Executive as Accounting Officer of the Money Advice Service and they are responsible for ensuring resources are used in a proper and regular manner, in accordance with the provisions of the Financial Services and Markets Act 2000, Companies Act 2006 and all other applicable law.

Governance statement

Scope of responsibility

As Accounting Officer for the Money Advice Service, I can confirm that all transactions and balances included in the Money Advice Service 2016/17 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, and having made the appropriate enquiries, the following:

— 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 company and the group on behalf of an affiliate, director, officer or any other third party, have been properly recorded or disclosed;

— 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 the work carried out by external auditors on the Money Advice Service financial statements, whose work includes an assessment of the reasonableness of significant accounting estimates made by the directors.

Overview

The Money Advice Service was set up as an independent body to enhance public understanding of financial matters. It was initially known as the Consumer Financial Education Body, the name used in the Financial Services Act 2010.

Its statutory objectives, as set out in the Financial Services Act 2012 are:

— Improving people's understanding and knowledge of financial matters

— Improving people's ability to manage their own financial affairs

— Assisting members of the public with management of debt with a view to improving the availability, quality and consistency of debt advice services across the UK.

The Service is independent of the Financial Conduct Authority (FCA) in carrying out its statutory function. However, the FCA ensures that the service is at all times capable of exercising its function. The FCA and the Service communicate regularly through half yearly meetings with the Service's Chair and quarterly meetings at senior management level.

During the year, consultations have been carried out with the FCA on the 2017/18 Annual Business Plan and Budget. The FCA Board approved the budget at its March 2017 meeting.

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

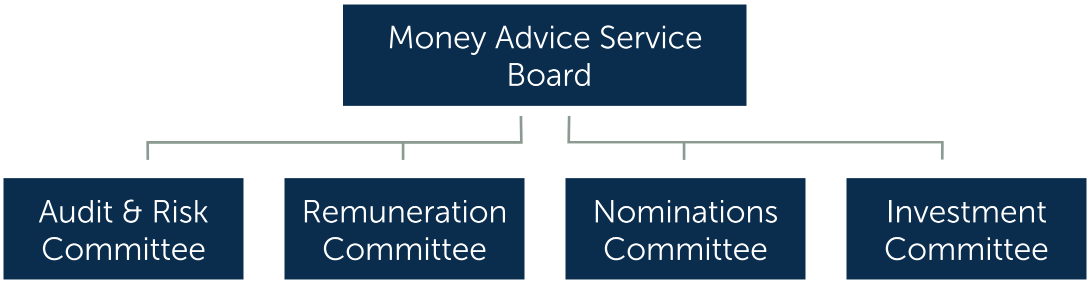
— The day to day operations and management of the Service and

— Ensuring that the Service as a whole is run in accordance with the principles of managing public money.

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 2016/17, operating effectively across the organisation, on which I can rely as Accounting Officer.

Governance Framework of the Money Advice Service

Governance Structure of the Money Advice Service



The Money Advice Service is governed by a Board who is responsible under company law for ensuring that the statutory objectives are carried out and that the Service is run in an appropriate, legal way. Along with the Board the Service also has a number of sub-committees who supervise the running of the organisation as follows: Audit & Risk Committee, Remuneration Committee, Nominations Committee and Investment Committee.

Board composition

As at 31 March 2017, the Board comprised of thirteen Directors, (nine Non-Executive Directors and four Executive Directors, including the Chief Executive).

The FCA approves all appointments to the Board with the appointment of the Chair and the CEO being approved by HM Treasury.

Two new Executive Board members joined during the year as follows:

- Sheila Wheeler (Executive Director) joined the Board on 1 July 2016 as the UK Debt Advice Director.
- Charles Counsell (Executive Director) joined the Board on 5 June 2017 as Chief Executive Officer.

One Executive Board member left during the year:

- Caroline Rookes (Executive Director) retired from the Board as Chief Executive Officer on 2 June 2017.

The details of the current Board members are as follows:

Chair

Andy Briscoe

During an extensive and successful career in the financial services sector Andy has chaired and served on the boards of a broad range of companies. His professional experience ranges from insurance and credit cards to private equity, and includes managing directorships with Centrica and The AA, as well as spells at American Express and BUPA. He is also a trustee of his local Citizens Advice. Andy assumed the chairmanship on 27 September 2013. In June 2016, the FCA and HM Treasury approved his reappointment until April 2018.

Non-executive directors

Nicola Bruce

Nicola is an experienced strategist with a background in non-standard financial services. She was formerly Director of Strategy at Albermarle & Bond, one of the UK's leading pawn brokers and non-standard lenders, and Director of Strategy & Business Development at De La Rue plc, the banknote and security printer. Prior to this, Nicola was a partner at The Monitor Company where she led strategy development and consumer research projects for financial services and consumer goods companies. Nicola was appointed on 1 April 2015 for a three-year term.

Mike Dailly

Mike is the Director of the Govan Law Centre in Glasgow. This is a not-for- profit advice centre, helping people at the sharp end who are having to cope with financial disputes, including credit repayments and mortgage repossessions. He is a Solicitor Advocate who acts exclusively for consumers, a member of the European Banking Authority's expert group, and a Non-Executive Director with the Scottish Housing Regulator. He has also been a member of one of the Service's key stakeholder groups, the Financial Services Consumer Panel. Mike was appointed on 1 April 2015 for a three-year term.

Non-executive directors

Jonathan Douglas

Jonathan's career has centered on learning, initially through libraries and since 2007 as Chief Executive of the National Literacy Trust (NLT). He was previously Head of Policy Development at the Museum and Libraries Archives Council and also Adviser at the Chartered Institute of Librarians and Information Professionals. He has been on the boards of several charities relating to learning and access and literature. Jonathan was appointed 3 January 2011 for a two-year term, in January 2013 his term was renewed for another three years.

Caroline Fawcett

Caroline is a specialist in customer service and excellence and bringing customers to the heart of organisations. She's been the customer experience director and marketing director at Legal & General, customer director at the Rural Payments Agency, and has held positions as Serco, Essex County Council and the Care Quality Commission. She also has significant experience of the financial services sector – as well as her positions at Legal & General, she is on the Board of Co-Op Insurance and is Customer Advocate for Prudential Assurance. Caroline was appointed on 1 April 2015 for a three-year term.

Richard Hughes

Richard spent the first ten years of his career as a Civil Servant, working in the Home Office, Prison Service and Cabinet Office. Since 2001 he has worked in public sector consulting for PA Consulting and Capgemini, specialising in strategy, business change and performance improvement. He also had a period leading business development in Justice for Working Links, a provider of services to support the unemployed into work and the rehabilitation of offenders. He is currently a member of PA Consulting's Government Sector team, focusing on public service reform. Richard was appointed 3 January 2011 on a two-year term, in January 2013 his term was renewed for another three years. In January 2016, his term was renewed for a further two years.

Non-executive directors

Stephen Locke

Stephen began his career at HMT then spent 15 years at Which?, where he was Director of Research and Policy. Latterly he joined the ITC as Director of Advertising and Sponsorship, helping to establish its successor body Ofcom before setting up as an independent consultant on regulation and consumer issues. Up to 31 March 2014, he was Vice Chair of Consumer Futures and a Board Member of the Payments Council. He is currently Chair of London TravelWatch, a Board Member of Passenger Focus and Chair of the Advertising Advisory Committee which advises advertising regulators on TV and radio advertising rules. Stephen was appointed on 4 January 2011 for a three-year term, in January 2014 his term was extended for another 6 months until July 2014, and in May 2014 his term was renewed for another three years.

Christopher Morson

Christopher has held a number of senior roles in the finance sector, and he is currently also a Non-Executive Director of the DVLA. Previous roles have included: Digital Director, Virgin Money; Managing Director of Digital, RBS/NatWest: Director, Strategy, Retail Direct Division RBS, Managing Director of a consumer finance businesses in the EU and Director, Operations of RBS Cards. He has been instrumental in the introduction of mobile banking apps into the UK and the development of a number of innovations in banking. In the early nineties during a period as a senior consultant with Price Waterhouse Management, Christopher project managed a number of high profile commercial television finance propositions. Other industry exposure at that time included Card Processing, utilities and fine chemicals. Christopher was appointed on 1 September 2015.

Robert Skinner

Robert has held a variety of senior roles in a 40 year career in financial services. He recently retired as Chief Executive of the Lending Standards Board, and prior to this he spent three years as Director General of the Money Advice Trust, a charity that provides advice to over-indebted individuals, via National Debtline and training and support to money advisers. Robert's earlier career was spent working for Barclays Bank where he held a number of senior roles in Large Corporate, International and Retail banking. He was appointed 1 February 2012 for a three-year term. Robert was appointed as the Senior Independent Director in December 2015. Robert's term was renewed in 2015.

Chief Executive

Caroline Rookes

Retired 2 June 2017

Caroline was appointed as Chief Executive of the Money Advice Service on 1 February 2013. During a distinguished career in the Civil Service, recognised with a CBE in 2010, she has overseen a number of major developments to improve people's personal finances. These include the introduction of automatic enrolment (the new duty on employers to enrol their staff automatically into a pension), the new NEST pension scheme, changes to private pension legislation and regulation, reviews of welfare benefits, and simplification of the pension tax regime. In November 2016 Caroline announced her retirement, and stepped down in June 2017.

Charles Counsell

Joined 5 June 2017

Charles was appointed as Chief Executive on 5 June 2017. Charles spent six years prior to this as Executive Director of Automatic Enrolment at the Pensions Regulator (TPR) where he was responsible for the successful UK roll-out of this programme, working alongside DWP. In his time at TPR, the automatic enrolment programme led to over 7.5 million workers newly saving into a workplace pension from over 500,000 employers. Charles was awarded an OBE in 2017 for services to workplace pension reform. He has spent much of his career setting up and leading major change programmes in both the private and public sectors in the UK and overseas.

Executive directors

David Haigh

David is responsible for developing a Strategy to harness collective impact and drive improvements in the way people manage their money. He has held a variety of senior strategic policy and leadership roles over the last decade, and was the Commercial Director at the Department for Health, responsible for developing a programme to improve the efficiency of the NHS. David spent two years working in the Australian Treasury, leading the team in delivering the Budget and setting up the Clean Energy Investment Corporation. He also worked at the Department for Work and Pensions where he led the policy and legislation to deliver automatic enrolment into pension schemes.

John Penberthy-Smith

John was appointed as the Customer Director on 5 December 2014. A new world Chief Marketing Officer with nearly 30 years' experience in senior roles in fast moving consumer sectors of retail, telecoms and technology. An expert in turning consumer understanding into a compelling and workable proposition for organisations to deliver that will grow market share and profit.

John joined the Money Advice Service following several years running his own management consultancy, focused on digital transformation and accelerating start-ups.

Prior to that he spent over a decade in the telecoms industry in director roles at Vodafone, Three and Eircom.

John spent a decade in the retail sector at the beginning of his career in a variety of sales and marketing roles working for both Dixons Stores Group and Thorn EMI.

Sheila Wheeler

Sheila was appointed as the UK Debt Advice Director at the Money Advice Service on 20 June 2016. She has worked throughout her career in the public sector and with a number of charities. She has gained extensive experience of delivering, improving and increasing the availability of services and outcomes for people through innovation and collaborative working with stakeholders. She has held Chief Executive roles in two local authorities, and as a finance director in a number of organisations.

Sheila is a member of the Investment Committee of the Care & Wellbeing Fund and a Trustee of the Roman Catholic Archdiocese of Southwark.

Board duties/responsibilities

The role of the Board is to take responsibility for the development and delivery of the Money Advice Service's strategic vision, 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 company'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 key responsibilities are available in its Terms of Reference.

The Board considered a number of key issues during the year including:

- Public Financial Guidance Review announcements in March and October 2016
- Transition planning
- Moving to a commissioning organisation
- What Works Fund
- Future Commissioning of Debt Advice Services
- Procurement of new contact centre services
- 2016/17 Annual Review and financial statements
- 2017/18 Business Plan and budget
- Staff Engagement Survey
- Appointment of new CEO

Board Performance

The Board met ten times during the year, which included an annual 'away day'.

During March 2017, the Board and Board Committees conducted an internal evaluation of their effectiveness looking at their performance over the year 2016/17. This was carried out by anonymous questionnaire and a report was compiled. The Board will discuss the report at its meeting in June 2017 and an action plan will be agreed.

During the year the Board attended several presentations, including Financial Capability Evaluation Toolkit, Commissioning, Customer Insight, Economic Analysis and Cyber Security.

The July Board away day focused on the vision and future challenges for the Money Advice Service, which included discussion on transition planning and moving towards a commissioning organisation.

The Non-Executive Directors continued to be involved in the business outside of Board meetings, and attended meetings throughout the year to get to know staff and share advice, and as well as attending events such as the Financial Capability Conference.

Board Sub-Committees

The Audit & Risk Committee

The Audit & Risk Committee is chaired by Caroline Fawcett. The Committee is responsible for reviewing and providing assurance to the Board on matters including the effectiveness of the Money Advice Service internal controls and risk management systems, the integrity of financial statements and for oversight of the external audit process. The Committee comprises four Non-Executive Directors appointed by the Board. The Chief Executive, Head of Corporate Services and other executive directors (as appropriate) and at least one representative of the external auditors and internal auditors attend all meetings of the Committee.

The Committee met four times during the year and the schedule of regular agenda items continued to be busy. As part of its normal cycle of work, the Committee has reviewed the risk management policy including the risk appetite statement, strategic risk register including an in-depth review of a strategic risk at each meeting, external audit report, internal audit reports, procurement MI including single tender action contract awards, review of policies including banking and investment, accounting, whistleblowing, gift, hospitality and entertainment, code of conduct, changes in financial procedures. The Committee also reviewed and recommended the Annual Review and Accounts 2015/16 for approval by the Board.

Remuneration Committee

The Remuneration Committee is chaired by Jonathan Douglas. The Committee is responsible for ensuring that the Money Advice Service has in place a comprehensive, effective and value for money total reward and performance framework that enables the organisation to attract, retain and motivate a high calibre workforce to delivery its objectives. It comprises three Non-Executive Board members (excluding the Chair of the Board). To ensure independence, the Chair of the Audit and Risk Committee is not a member of the Remuneration Committee.

The Committee had five meetings during the year and agreed the new Executive Directors remuneration, the Company's policy on Pension Lifetime Allowance, 2016/17 people strategy, organisation-level performance-related award for 2016/17, the individual performance awards, consolidated pay increase and equal pay review, the performance reviews for executive directors including the performance awards for them and their objectives. (See pages 82 to 88).

Nominations Committee

The Nominations Committee is chaired by Andy Briscoe. The Committee is responsible for leading the process for Board appointments and to make recommendations to the Board, subject to the approval of the FCA. The Committee is made up of five directors, comprising the Chairman of the Board, three Non-Executive Directors and the Chief Executive.

The Committee met three during the year (the March 2016 meeting was postponed until April 2016) and discussed the following key issues: succession planning, review of the structure, size and composition of the Board including diversity, skills, knowledge and experience, Non-Executive Directors renewal of terms, Board evaluation proposal, and individual performance appraisals for the Board.

The Committee approved the appointment of Sheila Wheeler, as the new UK Debt Advice Director which received FCA approval. It also recommended that Andy Briscoe be reappointed as Chairman, and Charles Counsell be appointed as the new CEO, both of which received FCA and HM Treasury approval.

Investment Committee

The Investment Committee is chaired by Richard Hughes. The Committee facilitates timely approval of investment decisions which are above the executive level delegated authority limits. The Committee comprises four Non-Executive Board members appointed by the Board and meets whenever approval for an investment decision is necessary. Caroline Fawcett was appointed to the Committee in September 2016.

The Committee met nineteen times during the year and also agreed projects by correspondence. It discussed the following key issues during the year: commissioning additional debt advice telephone provision, financial capability labs, debt advice second tier special support, business debtline debt advice, and impacted clients. In addition it reviewed the What Works Fund project, and approved the appointment of the evaluation learning partner for the projects and approved 21 individual What Works projects. Where appropriate, it made recommendation to the Board.

Board and Committees details for the year ended 31 March 2017

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

Name	Board	Audit & Risk Committee	Nomination* Committee	Remuneration** Committee	Investment Committee
	10	4	3	5	19
Executive Directors					
David Haigh	10/10				
John Penberthy-Smith	10/10				
Caroline Rookes	10/10	4/4	3/3	5/5	
Sheila Wheeler	09/10				
Non-Executive Directors					
Andy Briscoe	10/10 C		3/3 C	5/5	
Nicola Bruce	9/10	4/4			17/19
Mike Dailly	9/10		3/3	5/5	
Jonathan Douglas	9/10			5/5 C	
Caroline Fawcett	9/10	4/4 C			9/14
Richard Hughes	10/10			5/5	19/19 C
Stephen Locke	10/10	4/4			
Chris Morson	10/10	4/4	2/2		
Robert Skinner †	10/10		3/3		19/19

* The Nomination Committee normally meets twice a year, but the March 2016 meeting was postponed until April 2016.

** The Remuneration Committee normally meets twice a year, however, it felt it needed more meetings to discuss the appointment of new executive directors and the people strategy following the Public Financial Guidance Review announcement.

† Senior Independent Director.

C Chair

The FCA approved all appointment to the Board and the reappointment of the Chairman and new appointment of CEO were also approved by HM Treasury.

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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 Money Advice Service. 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 Service and agree mitigating actions
- Agree papers for submission to the Board and Committees; and
- Perform ad hoc duties as necessary.

The ELT comprises the following:

- Chief Executive (Chair)
- UK Financial Capability Director
- Customer Director
- UK Debt Advice Director
- Head of Corporate Services
- Head of Human Resources

Other staff attend the meetings when required. The ELT meets at least fortnightly and at such other times as it requires and reports to the Board and provides any additional reports relating to the discharge of the above duties, as appropriate.

Risk Management

At the Money Advice Service we have a clear framework for identifying and managing risk, both at an operational and strategic level. Our risk identification and mitigation process have been designed to be responsive to the environment in which we operate.

Internally, we employ a strong risk management approach to identify risks, tolerance, mitigation and management. This helps us achieve our goals, identify opportunities for improvement and mitigate the effects of a wide range of risks to the organisation.

Forming the cornerstone of all our risk management activity is our risk appetite statement which is reviewed and refreshed annually. The Audit & Risk Committee ratified the 2016/17 risk appetite which provided us with an updated view of how we should effectively manage risk within the organisation. Our risk appetite has a strong control framework in place with rather than stifle risk management allows the organisation to work within a transparent and well managed structure.

We need to oversee the risks that we are taking and how we are mitigating the external and internal risks that we face and in doing so we have to ensure that there is a consistent approach to the assessment of risks, any opportunities and the effectiveness of risk management which will be subject to challenge through regular systematic assessment. This oversight has been effective in the past and we need to make sure that it remains fit-for-purpose as the organisation flexes.

The way we manage our risk is based on the following principles:

- foster a culture to support well-judged decisions about risks and opportunities
- the management of risk is integrated into existing processes
- clear roles are agreed relating to the accountability, management, escalation and communication of risks, and
- all staff encouraged to be open and honest in the reporting and escalation of risks.

We have benchmarked our risk management process against a number of similar organisations and our framework reflects best practice seen elsewhere. Our internal audit function is outsourced to Grant Thornton which also provides another source of bringing best practice into the organisation.

Internal Audit

The Money Advice Service undertakes regular internal audits to ensure that the organisation benefits from ongoing improvements in efficiency, effectiveness and control. Grant Thornton were appointed to provide Internal Audit services to the Service in August 2014 for 3 years. A further agreement for one year, with option to extend was signed in March 2017. A programme of internal audits was agreed by the Audit & Risk Committee, and was undertaken and reported to the Committee during the year. In 2016/17 we introduced a quarterly key controls review, as the organisation moves into transition it is important to test our controls. To ensure they remain fit for purpose and safeguard the organisation and its employees.

The following audits were performed during 2016/17:

- Key controls review
- Key financial controls
- "What Works" financial capability fund
- Human resources
- Business continuity planning
- Cyber security
- Debt advice third party assurance review - follow up

The internal audit plan for 2017/18 has been prepared by Grant Thornton and agreed by the Executive Leadership Team and the Audit and Risk Committee. A process is in place to ensure that any recommendations made in the internal audit reports are monitored by ELT, progressed and implemented effectively, and that progress is regularly reported to the Audit & Risk Committee. The Committee is satisfied that good progress is being made in putting those recommendations into action over the year.

Information Security

In accordance with our responsibilities under the HMG Security Policy Framework and the Data Protection Act 1998, the Service has in place provisions for information security.

Information held by the Service in electronic or paper form, be it structured or unstructured, is one of the organisations most vital and valuable assets and it is essential that this information is protected against the many threats that may compromise its Confidentially, Integrity and Availability. In addition, it is critical to ensure that the Service meets all required UK and European Union 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 for.

The IT Strategy includes Cyber Security and how it is managed throughout the Money Advice Service. Cyber Security is a standard item on the board agenda and regular updates are provided to ensure that Cyber risks are identified and appropriate action is achieved. To confirm that best practices are maintained, systems are regularly tested along with independent audit reports, which are presented to the CEO and the Audit & Risk Committee.

It is our established practice and legal obligations to inform the Information Commissioner's Office (ICO) of any known incidents of data protection breaches, and I can confirm that for the year 2016-17 no incidents were drawn to the ICO's attention.

This governance statement is signed by our Accounting Officer on 6 July 2017.

Charles Counsell
Chief Executive Officer and Accounting Officer

Remuneration report

Remuneration committee

The Remuneration Committee is a sub-committee of the Board and is chaired by an independent non-executive director. Its principal activities are detailed in the Remuneration Committee's Terms of Reference. During the year the Remuneration Committee met five times. The three members of the Remuneration Committee are non-executive Board members and appointed to the Committee by the Board.

Chair	Jonathan Douglas
Member	Richard Hughes
Member	Mike Dailly
Ex-officio	Andy Briscoe

The Chair of the Money Advice Service's Audit & Risk Committee is not a member of the Remuneration Committee. The Money Advice Service Chair attends the Remuneration Committee but is not a member.

No member of the Committee or other individual is involved in any decision about their own remuneration. Accordingly, any Committee member would withdraw from that part of any meeting where their remuneration is likely to be discussed or affected.

Other Money Advice Service staff and Board members attend the meetings of the Committee at the request of the Committee chair as and when considered appropriate by the Committee.

Remuneration strategy

The Remuneration Committee is responsible for ensuring the Money Advice Service has a comprehensive effective and value for money total reward strategy and framework that enables the organisation to attract, retain and motivate a high-calibre workforce to deliver the organisation's objectives.

2016/17 Remuneration review

The total remuneration package, which is common to all employees, comprises:

- basic pensionable salary;
- eligibility for a performance related bonus;
- pension contribution; and
- other benefits.

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The membership and terms of office of the Money Advice Service executives and non-executives are outlined in the table below.

Board Membership and terms of office	Appointment date on the Board	Renewed on	End of current term
Executives			
Charles Counsell	05/06/2017		30/06/2019
David Haigh	01/06/2015		01/06/2018
John Penberthy-Smith	01/06/2015		01/06/2018
Caroline Rookes	01/02/2013	31/01/2016	31/01/2019
Sheila Wheeler	01/07/2016		31/03/2018
Non-Executives			
Andy Briscoe	27/09/2013	26/05/2016	30/04/2018
Nicola Bruce	01/04/2015		31/03/2018
Mike Dailly	01/04/2015		31/03/2018
Jonathan Douglas	04/01/2013	08/01/2016	03/01/2018
Caroline Fawcett	01/04/2015		31/03/2018
Richard Hughes	04/01/2013	03/01/2016	03/01/2018
Stephen Locke	04/01/2011	03/07/2014	02/07/2017
Christopher Morson	01/09/2015		31/08/2018
Robert Skinner	01/02/2012	01/02/2015	31/01/2018

Committee Membership

Name	Board	Audit & Risk	Investment	Nomination	Remuneration
Andy Briscoe	C			C	Ex-Officio
Nicola Bruce	✓	✓	✓		
Mike Dailly	✓			✓	✓
Jonathan Douglas	✓				C
Caroline Fawcett	✓	C	✓		
Richard Hughes	✓		C		✓
Stephen Locke	✓	✓			
Chris Morson	✓	✓		✓	
Robert Skinner †	✓		✓	✓	

C denotes Chair   † Senior Independent Director

The Remuneration Committee within the terms of the agreed framework, and in consultation with the Chief Executive or Chair as appropriate, considers and approves proposals for the remuneration and performance related pay for senior executives (including the Chief Executive). In addition, the Chief Executive's remuneration and performance-related pay is approved by the Board. In determining such packages and arrangements including arrangements on termination, the Committee gives sufficient and appropriate regard to relevant legal requirements, and other relevant guidance including the UK Corporate Governance Code.

Director remuneration levels are approved by the Financial Conduct Authority (FCA) and there are no additional payments for chairing sub-committees of the Board.

The Remuneration Committee is also responsible for approving the annual performance objectives of the Chief Executive and senior executives. Board members provide feedback on performance of the Chief Executive and senior executives to feed into the annual appraisal process.

Basic pensionable salary

Salaries are reviewed by the Remuneration Committee annually in line with the overal policy.

Performance related bonuses

The Executive Directors and the Chief Executive, like other employees, are eligible to be considered for a discretionary performance-related bonus, which for 2016/17 is up to a maximum of 15% of average base pensionable salary applying during the previous year.

The Chair and other non-executive members of the Board are not eligible to be considered for a discretionary performance-related bonus.

Other benefits

On 31 May 2012 the Money Advice Service ended the flexible benefits system which was originally offered by the FCA and carried over to the Money Advice Service. For a small organisation it was considered overly complex and expensive to administer. From 1 June 2012 a simpler alternative offering to all staff of private medical insurance, life insurance and a contributory pension plan up to a maximum of 10% employer contribution has been put in place. Those in post prior to the introduction of the new arrangements receive an allowance made up of the monetary value difference between the new and old arrangements.

A summary of benefits received by executives is included in the remuneration table below.

Pensions

The Money Advice Service was a member of the defined contribution section of the FCA Pension Plan until 31 May 2012. From 1 June 2012 the Money Advice Service has set up a group personal pension scheme (GPP) which is a defined contribution scheme through Aviva. Pension contributions made to the executives have been disclosed in the remuneration table.

Remuneration Statement

A. Total Remuneration

		Year ended 31-Mar-17					Year ended 31-Mar-16
	Notes	Board fee £'000	Basic salary £'000	Other emoluments and benefits* £'000	Pension £'000	Total £'000	Total £'000
Chair							
Andy Briscoe		74	–	–	–	74	74
Non-Executive Directors							
Nicola Bruce		25	–	–	–	25	25
Michael Dailly		25	–	–	–	25	25
Jonathan Douglas		25	–	–	–	25	25
Laurie Edmans	1	–	–	–	–	–	18
Caroline Fawcett		25	–	–	–	25	25
Richard Hughes		25	–	–	–	25	25
Stephen Locke		25	–	–	–	25	25
Christopher Morson		25	–	–	–	25	14
Robert Skinner		25	–	–	–	25	25
Directors		**274**	**–**	**–**	**–**	**274**	**281**
Executive Directors							
David Haigh		–	140	23	14	177	158
John Penberthy-Smith		–	147	17	15	179	174
Lesley Robinson	2	–	–	–	–	–	95
Caroline Rookes		–	148	37	–	185	184
Sheila Wheeler	3	–	102	2	–	104	–
Total Executive Directors		**–**	**537**	**79**	**29**	**645**	**611**
Total		**274**	**537**	**79**	**29**	**919**	**892**

Notes

1 Laurie Edmans' term as non executive director ended on 31 December 2015.

2 Lesley Robinson's term as Corporate Services and Debt Advice Director ended 31 October 2015.

3 Sheila Wheeler was appointed UK Debt Advice Director on 6 July 2016.

*** Other Emoluments & Benefits**

This figure is comprised of any performance related award (see second table below), pay in lieu of employer pension contribution and private medical insurance (for the employee only). Where employees elect to insure family members they are responsible for covering the contributioni from net salary contributions.

Pension

As part of our reward arrangement, we have a contributory group personal pension plan. Employer pension contributions are on a matching basis as follows:

Employee contribution %	Employer contribution %
3	6
4	8
5	10
>5	10

Performance Related Award

Below are details of the discretionary performance related awards made to executive directors for the year ended 31 March 2017. Awards agreed for the year will be paid in the following financial year and have been included in the emoluments and benefits figures in the table above.

Employee	Year ended 31–Mar–17 Total £'000	Year ended 31–Mar–16 Total £'000
David Haigh	22	14
John Penberthy-Smith	16	14
Caroline Rookes	23	22
Sheila Wheeler	1	–
Total	**62**	**50**

B. Hutton Fair Pay Review Disclosure

	Year ended 31-Mar-17 Total £'000	Year ended 31-Mar-16 Total £'000
Highest paid Director's total remuneration	185*	169
Median remuneration of the Money Advice Service's total staff	56	54
Ratio	3.3	3.1

As specified in our accounts direction issued by HM Treasury in accordance with section 5(2) of the Government Resources and Accounts Act 2000 we are required to disclose the relationship between the remuneration of the highest paid director in the organisation and the median remuneration of the organisation's workforce. The Chief Executive Officer was the highest-paid member of the Service for the year ended 31 March 2017.

*It does not include employer pension contributions, however this financial year, it does include a one-off payment in lieu of employer pension contributions.

Total remuneration includes, performance related payments, benefits-in-kind and severance payments, where applicable. It does not include employer pension contributions. The median remuneration of the Service's total staff is based full-time equivalent remuneration for the year ended 31 March 2017. The figures exclude employer pension contributions and exclude the highest paid director. The figures include agency and other temporary employees covering staff vacancies, but exclude consultancy services. Only remuneration paid to employees has been included. We have excluded agency fees and VAT from our calculations.

The relatively low ratio between the remuneration of the highest-paid member of the Service's Executive Directors and the median remuneration of the organisation's workforce reflects our people strategy of paying competitive 'spot rate' salaries, and not having any entry-level roles.

The financial statements were approved on 6 July 2017, and the Remuneration Statement was signed on 6 July 2017 on its behalf by;

Charles Counsell
Chief Executive Officer

The certificate and report of the Comptroller and Auditor General to the Houses of Parliament

The certificate and report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Money Advice Service for the year ended 31 March 2017 under the Financial Services and Markets Act 2000. The financial statements comprise: the Statements of Comprehensive Income, Financial Position, Cash Flows, Changes in Equity; and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Directors', Accounting Officer and auditor

As explained more fully in the Statement of Directors' and Accounting Officer's Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Financial Services and Markets Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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. This includes an assessment of: whether the accounting policies are appropriate to the Money Advice Service's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Money Advice Service; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income 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.

Opinion on regularity

In my opinion, in all material respects the expenditure and income 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.

Opinion on financial statements
In my opinion:

— the financial statements give a true and fair view of the state of the Money Advice Service's affairs as at 31 March 2017 and of the surplus for the year then ended;

— the financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by European Union;

— the financial statements have been prepared in accordance with the Companies Act 2006 and HM Treasury directions issued under the Financial Services and Markets Act 2000.;

Emphasis of Matter
Without modifying my opinion, I draw attention to Note 2a of the Financial Statements (p98) concerning the application of the going concern basis in light of the announcement made in the March 2016 Public Financial Guidance Review, that the Money Advice Service is to be replaced with a new body as part of a new delivery model. There is uncertainty over how long the Money Advice Service will operate in its current legal form, however any changes will require legislative action. I have assessed the use of the going concern basis and am content that this is therefore still appropriate for the 2016-17 financial statements.

Opinion on other matters
In my opinion:

— the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury's directions made under the Financial Services and Markets Act 2000; and

— The information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and these reports have been prepared in accordance with the applicable legal requirements; and

— In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, I have not identified any material misstatements in the Strategic Report or the Directors' Report.

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 part of the Remuneration 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.

Sir Amyas C E Morse
Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria, London SW1W 9SP

Date 11 July 2017

Financial statements

for the year ended 31 March 2017

Statement of Comprehensive Income
Year ended 31 March 2017

	Notes	Year ended 31-Mar-17 £'000	Year ended 31-Mar-16 £'000
Income			
Fee revenue - Money Advice	4	30,941	34,567
Grant revenue - Money Advice	4	143	85
Interest on bank deposits	4	147	178*
Fee revenue - UK Debt Advice	4	46,502	47,045
Total Income		77,733	81,875*
Operating costs			
Cost of services - Money Advice	3	(26,361)	(33,111)
Cost of services - UK Debt Advice	3	(48,970)	(44,939)
Bad debt provision	3	10	(11)
Depreciation and amortisation	3	(487)	(561)
Write-down of non-current assets	3	–	(247)
Total operating costs		(75,808)	(78,869)*
Surplus / (deficit) before tax		**1,925**	**3,006**
Taxation	6	(31)	(35)
Total comprehensive surplus / (deficit):		**1,894**	**2,971**

*Change in income due to change in disclosure category.

Statement of financial position as at 31 March 2017

	Notes	As at 31-Mar-17 £'000	As at 31-Mar-16 £'000
Non-current assets			
Intangibles assets	7	72	121
Property plant and equipment	8	923	1,100
Total non-current assets		**995**	**1,221**
Current assets			
Trade and other receivables	9	5,191	3,978
Cash and cash equivalents	9	38,772	22,219
Total current assets		**43,963**	**26,197**
Total assets		**44,958**	**27,418**
Current liabilities			
Trade and other payables	11	(30,743)	(15,085)
Current tax liabilities	11	(30)	(35)
Bad debt provision	12	(1)	(11)
Total current liabilities		**(30,774)**	**(15,131)**
Total assets less current liabilities		**14,184**	**12,287**
Non-current liabilities			
Provisions	12	(143)	(140)
Total non-current liabilities		**(143)**	**(140)**
Net assets		**14,041**	**12,147**
Equity			
Money Advice accumulated surplus		9,696	5,335
UK Debt Advice accumulated surplus		2,518	4,770
UK Debt Advice special reserve		1,827	2,042
Total Equity		**14,041**	**12,147**

The financial statements were approved by the Board of Directors on 6 July 2017, and were signed on 6 July 2017 on its behalf by;

Andy Briscoe
Chairman

Charles Counsell
Chief Executive Officer

Company no 07172704

Statement of changes in equity
Year ended 31 March 2017

	Money Advice £'000	UK Debt Advice £'000	UK Debt Advice Special Reserve £'000	Total equity £'000
At 1 April 2015	4,459	2,675	2,042	9,176
Surplus / (deficit) income over expenditure for the year	876	2,095		2,971
At 1 April 2016	5,335	4,770	2,042	12,147
Surplus / (deficit) income over expenditure for the year	4,361	(2,456)	(11)	1,894
Transfer from DA Special to General Reserves		204	(204)	–
Total equity at 31 March 2017	**9,696**	**2,518**	**1,827**	**14,041**

Statement of cash flows
Year ended 31 March 2017

	Note	Year ended 31-Mar-17 £'000	Year ended 31-Mar-16 £'000
Net cash generated from operating activities	**13**	16,705	11,606
Cash flows from investing activities			
Interest received on bank deposits	**4**	147	178
Corporation taxes paid		(36)	(39)
Payments to acquire intangible non-current assets	**7**	(176)	(224)
Payments to acquire property, plant & equipment	**8**	(87)	(253)
Net cash outflow from investing activities		**(152)**	**(338)**
Increase/(decrease) in cash and cash equivalents		**16,553**	**11,268**
Cash and cash equivalents at the start of the year		22,219	10,951
Cash and cash equivalents at the end of the year		38,772	22,219

Notes to the financial statements

Notes to the financial statements

1. General information

The Money Advice Service (formerly CFEB) is a company incorporated in the United Kingdom under the Companies Act 2006 and is limited by guarantee with no share capital. The members of the company have agreed to contribute £1 each to the assets of the company in the event of it being wound up. The address of the registered office is given on page 4.

The Consumer Financial Education Body (CFEB) was incorporated on the 1 March 2010 and changed its name to the Money Advice Service on 4 April 2011.

The core statutory objectives of the Money Advice Service are to enhance the understanding and knowledge of the public of financial matters and to enhance the ability of members of the public to manage their own financial affairs. This now includes specific responsibility for debt advice as per the Financial Services Act 2012.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Money Advice Service operates.

Under the Financial Services Act 2012, the Money Advice Service is exempt from the requirements of part 16 of the Companies Action 2006 (audit).

Under the Companies Act 2006, section 54, on a voluntary basis, the directors can amend these financial statements if they subsequently prove to be defective.

The financial statements are prepared in accordance with EU adopted International Financial Reporting Standards. The financial statements are presented in compliance with International Accounting Standards (IAS) 1, Presentation of Financial Statements (Revised 2007) and the accounts direction issued by HM Treasury – see page 117 for details.

At the date of the approval of these financial statements, the following accounting standards were in issue but not yet effective, and have not been applied to these financial statements.

IFRS 9 - Financial Instruments

IFRS 9 comes into effect for periods commencing 1 January 2018 onwards. For Money Advice Service the likely impact will be on cash and cash equivalents, receivables and payables (financial instruments as defined by IAS 32). No material changes are expected as a result of applying IFRS 9.

IFRS 15 - Revenue for Contracts with Customers

IFRS 15 comes into affect for periods commencing 1 January 2018 onwards. Income for the Money Advice Service is primarily from levies on the financial sector. If IFRS 15 is applicable to the Money Advice Service, it will have an impact on levy income. However given the indirect nature of the services provided by the Money Advice Service, it is yet to be determined what impact, if any, IFRS 15 will have.

IFRS 16 - Leases

IFRS 16 comes into affect for periods commencing 1 January 2019 onwards and will have an impact on how the Money Advice Service accounts for its premises lease. It is likely that the premises lease will need to be recognised as an asset and a liability.

2. Significant accounting policies

The financial statements have been prepared on an historical cost basis, except for financial assets which are held at fair value and subsequently measured at amortised cost using the effective interest method. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the accounts direction issued by HM Treasury. The principal accounting policies adopted are set out below:

a Going concern basis of accounting

The Public Financial Guidance Review published in March 2016 the intent to replace the Money Advice Service with a new money guidance body. The establishment of the new body will require legislation to be passed; this is yet to take place. Given the level of political uncertainty, the earliest date for the establishment of the new body is likely to occur in the 2018/19 financial year. Therefore, whilst management acknowledge there are material uncertainties that may cast doubt on the company's ability to continue to adopt the going concern basis in the future, for this financial period it is reasonable to continue to prepare the accounts on a going concern basis. This is supported by the approval of our 2017/18 business plan by the Financial Conduct Authority (FCA) and HM Treasury.

It is management's view that we have the mandate and resources to carry out this plan and that the Money Advice Service should be treated on a going concern basis for this reporting period. The going concern basis will be re-assessed in future reporting periods.

b Statement of Comprehensive Income

The format of the statement of comprehensive income on page 93 has been designed to show operating costs and fees levied to cover these costs. It is considered that this format best represents the nature of the activities of the Money Advice Service, which involves carrying out statutory functions and levying fees to meet the net cost of those functions. We have provided an analysis of the expenditure by delivery channel, this analysis has also been provided in our business plan which allows users to easily compare budget to actual expenditure.

c Revenue recognition

The Money Advice Service has two primary work streams, money advice and debt advice, both are funded by the levy on regulated firms. The FCA raise and collect this levy on behalf of the Money Advice Service.

All levy revenue receivables under the Financial Services and Markets Act 2000 (FSMA), are measured at fair value, and represents the levies to which the Money Advice Service was entitled in respect of the financial year. We recognise all 2016/17 levy income invoiced by the FCA and defer levy income received for 2017/18.

Revenue was also received from the Big Lottery during the year, this revenue has been treated on the same basis as levy income.

d Financial instruments

(i) Trade receivables - Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying value and the estimated future cash-flows deriving from the continued use of that asset, discounted if the effect is material.

(ii) Bad debt provision - Our revenue recognition accounting policy is to recognise income when the FCA issue an invoice. It is therefore prudent to provide for bad debts, based on the historic average FCA bad debt collection fee rate, which has been assessed to be 0.2% (based on the last 3 years).

(iii) Trade payables - Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(iv) Cash and cash equivalents - Cash and cash equivalents comprise cash in hand, demand deposits and other short term liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The carrying amount of these assets approximates their fair value.

Throughout the year funds were placed with a number of financial institutions. The Money Advice Service maintains a balance between readily available funds to meet cash flow requirements and flexibility by placing deposits for periods not exceeding 12 months.

e Partnership funding

The Money Advice Service commissions services to deliver its statutory objectives. We do this through contracts and grant agreements. Funding is provided to external partner organisations to carry out frontline services for debt advice and for a newly established programme this year, the 'What Works Fund' (WWF).

The grants have been issued to partners based on an agreed evaluation plan, including milestones. For both debt advice and WWF, expenditure is recognised in line with the relevant agreement requirements in place with each partner organisation. For WWF, to aid the establishment of the programme, we have provided some funds in advance. The remainder of the funding will be provided based on the achievement of the defined milestones.

The agreements for all funding enable us to recognise expenditure on an accruals basis, and any termination expenditure is recognised when a decision is made to cease an agreement, and in line with the relevant requirements of the agreement.

f Taxation

The tax expense represents the sum of tax currently payable. The Money Advice Service is only liable to pay corporation tax on investment income and not on levy income received, therefore no deferred tax effect arises.

The Money Advice Service is not registered for value added tax (VAT) because it does not carry out a VAT-able supply as defined by HMRC. All costs are recorded inclusive of any VAT charged. However during the current financial year, we developed an online tool as a separate commission for DWP. This activity was outside our ordinary business, therefore for this single activity we registered for VAT. Once VAT for this activity was filed and concluded, we de-registered from VAT.

g Retirement benefit costs

The Money Advice Service operates a group personal pension scheme (GPP) which is a defined contribution scheme through Aviva.

The payments to the defined contribution scheme are recognised as an expense in the statement of comprehensive income, as they fall due.

h Capitalisation threshold of assets (tangible and intangible)

The Money Advice Service capitalise assets (tangible and intangible) with a value of £1,000 or more.

i Property, plant and equipment

Property, plant and equipment (PPE) are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost less estimated residual value on a straight-line basis over the expected useful economic life of the PPE.

Summary of the Money Advice Service's depreciation policy of PPE

Property, plant and equipment	Useful economic life
Leasehold improvements	straight line over the period of the lease (10 years)
Furniture and fittings	straight line over 5 years
Computer hardware	over 3 years

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.

j Intangible assets

In accordance with IAS 38: Intangible Assets, costs associated with the development of website infrastructure are capitalised only where: the Money Advice Service can demonstrate the technical feasibility of completing the infrastructure, it has adequate technical, financial and other resources available to it as well as the intent to complete its development: and the ability to use it upon completion. In addition, costs are only capitalised if the asset can be separately identified, it is probable that the asset will generate future economic benefits, and that the development costs of the asset can be measured reliably. Economic benefits of a website remains uncertain to measure in the public sector. Expenditure on research activities, website content and applications such as tools are recognised as expenditure in the year in which it is incurred. This expenditure typically has a useful life of less than a year because we are continually improving our content and applications to ensure customers have the best possible experience.

Only costs that are directly attributable to bringing the asset to working condition for its intended use are included in its measurement. These costs include all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in a manner intended by management.

Where no intangible asset can be recognised, development expenditure is charged to the statement of comprehensive income when incurred.

Summary of the Money Advice Service's amortisation policy of intangible non-current assets

Intangible non-current asset	Useful economic life
Internally generated website infrastructure	3 years
Software licenses	Amortised over the duration of the licence

k Impairment of property, plant and equipment and intangible assets.

At the end of each financial year, the Money Advice Service reviews the carrying value of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks to the specific asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

l Leases

Leases are classified as finance leases when substantially all the risk and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

The Money Advice Service has no finance leases in place.

The Money Advice Service has the following operating lease:

Fifth Floor, 120 Holborn (entered into 8 March 2014, expires 7 March 2024)

Rentals payable under operating leases are charged to the statement of comprehensive income on a straight line basis over the term of the lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

m Provisions

Provisions are recognised when the Money Advice Service has a present obligation, legal or constructive, as a result of a past event, if it is probable that the Money Advice Service will be required to settle that obligation and the amount can be reliably estimated. Provisions are measured at the directors' best estimate at the reporting date of the expenditure required to settle the obligation.

Provisions are discounted where the time value of money is material and a historical average inflation rate of 2% has been used to determine the value of the provision to recognise each year (see Note 12).

n Contingent liabilities

The Money Advice Service recognises 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.

o Reserves

The Money Advice Service has set a general reserve policy, which is applied to separate reserves for Money Advice and Debt Advice levies whilst they remain separate funding streams.

Management have set the general reserve level for Money Advice at 6% for 2016/17, (reduced from 7% 2015/16) of the current year's agreed funding and the reserve can accrue cumulatively from surplus income over expenditure. It can be used to fund general operating expenditure. For Debt Advice, they have set the reserve to 8% (reduced from 10.9% 2015/16) of the current year's agreed funding. This can be used for debt advice expenditure and the reserve can accrue cumulatively from income over expenditure.

Reserve amounts cannot be transferred between Money and Debt Advice. Decisions to utilise the reserve are taken by the Audit and Risk Committee on behalf of the Board. If there is surplus income arising after all reserves have been agreed, this will be deducted from future funding levies raised in agreement with the FCA.

Actual utilisation of the reserve is subject to approval by the Board and the FCA and to full disclosure in the Money Advice Service's financial statements.

Legislation that established the Money Advice Service, created the statutory obligation to take on the responsibilities of the grants as agreed by the Department of Business, Innovation and Skills (BIS). In the year ended 31 March 2013, we set up a special reserve of £1.75M for debt advice. This was for any potential redundancies that were provided for under grant agreements that BIS had with lead organisations before we inherited these responsibilities. The special reserve can only be utilised for potential payment of such redundancies, should the projects need to be closed early or at the end of their life (see note 18 for further details). This year we have made some adjustments to the reserve, working with lead organisations to ensure the value held is a fair reflection of the current situation. The special reserve has been reduced to £1.8m (2015/16: £2.0m).

The Money Advice Service owns the Organisation's non-current assets, and thus all depreciation/ amortisation and write down of non-current assets is apportioned wholly to the Money Advice Service. The Money Advice Service's assets are primarily used in providing Money Advice activities. A small recharge is made to Debt Advice for use of the assets. All depreciation/amortisation and write down of non-current assets is apportioned to Money Advice.

Interest income is apportioned wholly to the Money Advice. During the year Money Advice and Debt Advice received the majority of their funding in the first six months of the year. We apportion income generated on surplus funds to Money Advice and we reduce the amount of recharged expenses from Money Advice to Debt Advice to account for the deposit income generated by Debt Advice surplus funds.

p External auditors

Auditor's remuneration for audit services for the year ended 31 March 2017 was £29,000. The audit fee is VAT exempt as it is required by statute as a result of the Financial Services Act 2012 (2015/16: £27,000).

q Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Money Advice Service's significant accounting policies as described in note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Costs associated with the development of the website infrastructure are capitalised only where:

- the Money Advice Service can demonstrate the technical feasibility of completing the infrastructure;
- the Money Advice Service has adequate technical, financial and other resources available to it as well as
- the intent to complete its development;
- and the Money Advice Service also has the ability to use it upon completion.

In addition, costs are only capitalised if the asset can be separately identified, it is probable that the asset will generate future economic benefits, and that the development costs of the asset can be measured reliably. Expenditure on research activities, website content and applications are recognised as an expense in the year in which it is incurred. This is because this expenditure has a shorter life and website infrastructure is updated on a regular basis.

3. Expenditure

	Notes	Year ended 31–Mar–17 £'000	Year ended 31–Mar–16 £'000
Cost of Services – Money Advice			
Front line delivery[1]		3,741	7,074
Digital service delivery		1,183	1,134
What Works Fund (new)		2,027	–
Financial capability		492	1,188
Consumer insight and research		2,029	2,010
Consumer engagement		241	4,463
Staff and associated costs	**5**	12,550	12,274
Proposition and product development		–	40
IT hosting and support services		529	1,775
Support services[3]		3,569	3,153
Total cost of services - Money Advice		**26,361**	**33,111**
Cost of services - UK Debt Advice			
Frontline delivery[2]		43,180	41,495
Research and evaluation		1,356	644
Staff and associated costs	**5**	2,328	1,323
Support services[3]		2,106	1,477
Total cost of services - UK Debt Advice		**48,970**	**44,939**
Bad debt provision	**12**	(10)	11
Depreciation and amortisation	**7 & 8**	487	561
Write-down of non-current assets	**7 & 8**	–	247
Total expenditure before tax[4]		**75,808**	**78,869**

1. Provision of money guidance.
2. Provision of debt advice.
3. In prior years, the support services staff costs were included in the overall support services expenditure line above.
4. Investment income has been removed from this note and it is now disclosed under *note 4 income*.

4. Income

	Notes	Year ended 31–Mar–17 £'000	Year ended 31–Mar–16 £'000
Levy income - Money Advice			
FCA levy budget for the year		30,000	34,105
Income received in 2015/16 for:			
2011/12		–	6
2012/13		–	23
2013/14		46	61
2014/15		64	166
2015/16		451	206
Funds received for 2016/17 (in excess of YTD budget)		380	–
Total levy income - Money Advice		**30,941**	**34,567**
Levy income - UK Debt Advice			
FCA levy budget for the year		45,000	44,934
Voluntary contribution - utility sector		–	2,000
Income received in 2016/17 for:			
2014/15		–	104
2015/16		4	7
Funds received for 2016/17 (in excess of YTD budget)		1,498	
Total levy income - UK Debt Advice		**46,502**	**47,045**
Total levy income		**77,443**	**81,612**
Grant income - Money Advice	**A**	143	85
Investment income	**B**	147	178
Total income		**77,733**	**81,875**

Note A - Money Advice co-funded a three year grant with Big Lottery Fund Wales, this represents the second year's funding for the 'Talk, Learn, Do: parents, kids and money' project.

Note B - In 2015/16, the investment income was included as a negative expense movement under costs for the period. This year the account layout has been amended to have all income categorised under income.

5. Staff Costs

The average number of full-time equivalent permanent employees (including executive directors) for the period ended 31 March 2017 was 131 (31 March 2016: 124). The average number of full time equivalent permanent employees in each function during the current year was as follows:

Note: The FTE figures below exclude contract and temporary staff.

Directorate	Notes	Year ended 31-Mar-17 Average no of FTE	Year ended 31-Mar-16 Average no of FTE
Customer		43	46
Executive Office		8	7
UK Financial Capability		41	40
Corporate Services		22	20
UK Debt Advice	A	17	11
Average number of full time equivalent permanent employees		**131**	**124**

Employment costs (including executive directors) comprise:

Core operations:	Notes	Year ended 31-Mar-17 £'000	Year ended 31-Mar-16 £'000
Gross salary and taxable benefits		7,511	6,944
Contract and temporary staff	B	3,262	4,143
Redundancy costs	C	402	21
Employer's National Insurance costs		831	684
Defined contribution pension costs		544	482
Total employee costs - Money Advice		**12,550**	**12,274**

UK Debt Advice:	Notes	Year ended 31-Mar-17 £'000	Year ended 31-Mar-16 £'000
Gross salary and taxable benefits		965	678
Gross salary and taxable benefits for support services staff	D	814	
Contract and temporary staff	B	373	525
Employer's National Insurance costs		101	68
Defined contribution pension costs		75	52
Total employee costs - UK Debt Advice		**2,328**	**1,323**

Note A - Increased resources for staff to develop our role as a strategic commissioner of Debt Advice and our desire to improve standards across the sector has resulted in a need to add resource to this function.

Note B - During the year we considered our use of interim resource, and where possible and appropriate, we have created permanent roles instead of using interim resources. This explains the £1m reduction in interim salary costs.

Note C - During the year we made 14 roles redundant. The majority of these roles were engaged in customer engagement activities. Because of the change of strategic direction, it was necessary to make these roles redundant.

Note D - In prior years, the support services staff costs were included in the overall support services expenditure line in Note 3.

Reporting of compensation scheme – exit packages

There were no compulsory redundancies in the year ended 31 March 2017 and there were 14 agreed redundancies in this period. In the previous year (31 March 2016), there was one compulsory payment of compensation scheme exit package.

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	Financial Year 16/17	15/16	Financial Year 16/17	15/16	Financial Year 16/17	15/16
<£10,000	–	–	–	–	–	–
£10,000-£25,000	–	1	7	–	7	1
£25,000-£50,000	–	–	6	–	6	–
£50,000-£100,000	–	–	1	–	1	–
£100,000-£150,000	–	–	–	–	–	–
£150,000-£200,000	–	–	–	–	–	–
Total number of exit packages by type	**–**	**1**	**14**	**–**	**14**	**1**
Total resource cost/£'000	**–**	**21**	**402**	**–**	**402**	**21**

6. Taxation

The tax charge on ordinary activities is:	Year ended 31-Mar-17 £'000	Year ended 31-Mar-16 £'000
Current tax on continuing operations	31	35
Income tax expense for the year	**31**	**35**

Corporation tax for 2016/17 is calculated at a rate of 20% of the estimated assessable surplus for the year. The total charge for the period can be reconciled to the accounting surplus as follows:

Surplus / (deficit) before tax on continuing operations	Year ended 31-Mar-17 £'000	Year ended 31-Mar-16 £'000
Surplus / (deficit) before tax on continuing operations	1,925	3,006
Tax at 20% thereon	385	601
Effects of:		
Adjustment for activities not subject to corporation tax	(354)	(566)
Current tax charge for the year	**31**	**35**
Effective tax rate for the year	20%	20%

The Money Advice Service is not liable for corporation tax on its statutory activities. The tax charge arises solely on net interest receivable of £146,884 (2015/16: £177,959).

The Money Advice Service calculates corporation tax at the small profits rate of 20% (2015/16: 20%).

7. Non current assets – intangibles

Cost	Software £'000	Website £'000	Total £'000
At 1 April 2015	311	2,626	2,937
Additions	224	–	224
Disposals / write-offs	(249)	(2,626)	(2,875)
As at 31 March 2016	**286**	**–**	**286**
At 1 April 2016	286	–	286
Additions	176	–	176
Disposals / write-offs	–	–	–
As at 31 March 2017	**462**	–	**462**
Accumulated amortisation and impairment			
At 1 April 2015	243	2,259	2,502
Charge for year	115	239	354
Disposal amortisation/ impairment	(193)	(2,498)	(2,691)
As at 31 March 2016	**165**	**–**	**165**
At 1 April 2016	165	–	165
Charge for year	225	–	225
Disposal amortisation/ impairment		–	
As at 31 March 2017	**390**	**–**	**390**
Carrying Amount			
At 31 March 2016	121	–	121
At 31 March 2017	72	–	72

8. Non current assets – property, plant and equipment

Cost	Leasehold property improvements £'000	Furniture & fittings £'000	IT equipment £'000	Total £'000
At 1 April 2015	784	301	504	1,589
Additions	–	2	251	253
Disposals / write-offs	(3)	–	(399)	(402)
As at 31 March 2016	**781**	**303**	**356**	**1,440**
At 1 April 2016	781	303	356	1440
Additions	–	16	71	87
Disposals / write-offs	–	–	–	–
As at 31 March 2017	**781**	**319**	**427**	**1,527**
Accumulated depreciation and impairment				
At 1 April 2015	75	60	335	470
Charge for the year	78	60	70	208
Disposal depreciation/ impairment	–	–	(338)	(338)
As at 31 March 2016	**153**	**120**	**67**	**340**
At 1 April 2016	153	120	67	340
Charge for the year	78	62	124	264
Disposal depreciation/ impairment	–	–	–	–
As at 31 March 2017	**231**	**182**	**191**	**604**
Carrying Amount				
At 31 March 2016	628	183	289	1,100
At 31 March 2017	550	137	236	923

9. Current assets

(i) Analysis by type	Note	As at 31-Mar-17 £'000	As at 31-Mar-16 £'000
Related parties amounts receivable	A	329	528
Prepayments and accrued income		4,639	3,182
Other debtors		223	268
Trade and other receivables		5,191	3,978
Cash deposits		38,772	22,219
Total current assets		**43,963**	**26,197**

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Prepayments and accrued income

As part of the three year Debt Advice grant agreements entered into in October 2014 we have provided the lead organisations with one month's cash flow which has been prepaid and included in prepayments and accrued income.

This prepayment will be released in September 2017. However it is likely that any new agreement will include a prepayment to allow the provider to deliver services. Similarly with the What Works Fund, we have paid an average of 10% at the start of the grant agreement. This has been prepaid and will be netted off against the final payment of the grant agreement.

Note A - We recognise income when the FCA issue an invoice to fee payers. This balance relates to levy income invoiced but not paid over to the Money Advice Service.

10. Financial Instruments

a Credit risk

The Money Advice Service's credit risk falls into two main categories:

(i) the collection of fees from the financial services industry. The FCA collects fees on behalf of the Money Advice Service and transfers collected fees on a weekly basis. The FCA has a strong record in terms of collecting fees with bad debt experience averaging at less than 0.2% of fees receivable over the last three years; and

(ii) the placement of those fees as deposits with various counter-parties: the Money Advice Service only invests with those financial institutions that meet its minimum credit rating as assigned by credit rating agencies. The Money Advice Service also spreads its deposits across a number of counter-parties in order to avoid concentration of credit risk.

b Interest rate risk

Other than cash held in bank accounts, all of the Money Advice Service's cash and cash equivalents are fixed-rate fixed term deposits and are not sensitive to variations in interest rates.

c Liquidity risk

The Money Advice Service manages its liquidity by carefully monitoring the projected income and expenditure related to its day-to-day business. The Money Advice Service also has an overdraft facility with HSBC for £5M to mitigate liquidity risk.

11. Trade and other payables

(i) Analysis by type	Note	As at 31-Mar-17 £'000	As at 31-Mar-16 £'000
Trade payables		2,747	4,971
Accruals		4,272	3,001
Deferred income	A	23,393	6,847
Other taxation and social security		331	266
Total trade and other payables		**30,743**	**15,085**
Current tax liabilities		**30**	**35**

Trade payables and accruals principally comprise amounts outstanding for trade purchases and on-going costs. In accordance with IFRS 7 trade payables and accruals are classified as financial liabilities measured at amortised cost.

Note A - The Money Advice Service recognise revenue when an invoice is issued to fee payers. Year end deferred income has been recognised in the year for levies relating to 2017/18 invoiced by the FCA before 31 March 2017. Also included in deferred income is levy income collected from consumer credit firms during the year, which is in addition to 2016/17 funding requirement. These funds will be off-set against the Money Advice Services' 2017/18 funding requirement.

12. Provisions

	Bad debt £'000	Dilapidation £'000	Total £'000
At 1 April 2016	11	140	151
Unwinding of discount	–	3	3
Provision during the year	(10)	–	(10)
Balance at 31 March 2017	**1**	**143**	**144**
Analysis of expected timing of cash flow			
Not later than one year	1	–	1
Later than one year and not later than 5 years	–	–	–
Later than 5 years	–	143	143
Balance at 31 March 2017	**1**	**143**	**144**

On 7 March 2014 the lease of 120 Holborn expired and we entered into a new lease on 8 March 2014 for a period of ten years. We removed the existing provision and replaced it with a new provision for the dilapidation of the office at the end of our current lease (7 March 2024). We have provided for £165,000 of dilapidation costs in relation to the lease of 120 Holborn, London. Our lease agreement clause 4(m) states that at the end of the term the Money Advice Service shall return the demised premises to the landlord in the repair and condition required by the lease. We have detailed the expected timing of cash flows in the note above. In 2014/15 we provided for a net present value of £138,065. We arrived at this value by discounting the present value of £165,000 by 2% for 10 years. At 31 March 2017, we have unwound 2 years discount and now have a provision of £143,642.

A bad debt provision has been recognised for the year ended 31 March 2017 of £666 on FCA levy income receivable. This provision has been made based on the historic average FCA bad debt collection fee rate which has been assessed to be 0.2% (2015/16: 0.3%), based on the last three years.

13. Reconciliation of operating surplus to net cash inflow from operating activities

Cash flows from operating activities	Notes	Year ended 31-Mar-17 £'000	Year ended 31-Mar-16 £'000
Surplus for the year from continuing operations		1,894	2,971
Interest received on bank deposits		(147)	(178)
Corporation tax expense	**6**	31	35
Adjustments for non-cash items			
Depreciation of property, plant & equipment	**8**	264	208
Write-down of intangibles	**7**	–	186
Write-down of tangibles	**8**	–	64
Amortisation of intangibles	**7**	225	354
Increase/(decrease) in provisions	**12**	(7)	13
Operating cash flows before movements in working capital		2,260	3,653
Adjustments for movements on working capital			
(Increase) / decrease in trade and other receivables falling due within one year	**9**	(1,213)	(697)
Increase / (decrease) in trade and other payables falling due within one year	**11**	15,658	8,650
Net cash inflows/(outflows) from operating activities		**16,705**	**11,606**

14. Financial Commitments

The Money Advice Service has no other significant financial commitments other than the ones noted in note 15 & 16.

15. Operating lease commitments

At 31 March 2017 the Money Advice Service had outstanding commitments for the future minimum lease payments under non cancellable operating leases which fall due as follows:

	Year ended 31-Mar-17 £'000	Year ended 31-Mar-16 £'000
Not later than 1 year	744	743
later than 1 year but not later than 5 years	3,096	3,034
later than 5 years	1,612	2,465
	5,452	**6,242**

The above operating lease relates to the Money Advice Service office at 120 Holborn. We entered into the lease on 8 March 2014 for a 10 year period, ending 7 March 2024. We have been granted a 24 month rent free period at the start of the operating lease (March 14 - February 16). In accordance with IAS 17 leases we are amortising the rent free period over the duration of the lease. We received £225,000 from the landlord as contribution towards renovations of the office, this is also amortised over the duration of the lease. Following the announcement of the findings from the Public Financial Guidance in March 2016 we have reviewed the lease and no adjustment is required in this reporting period. This will be reviewed in future reporting periods in line with any changes to the Money Advice Service operating as a going concern.

16. Contingent Liabilities

On 1 April 2012 the Money Advice Service 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 the Money Advice Service.

The FCA funding for the year ended 31 March 2013 provides cover for inherited redundancy liabilities (£1.75M), up to 31 March 2012. For the year ended 31 March 2014 the lead organisations estimated the total redundancy liability up to 30 September 2014 at a maximum of £2.5m. In 2013/14 we transferred £0.8m from the Debt Advice general reserve to the Debt Advice special reserve (which are ring fenced funds) to cover the expected increased redundancy liability.

Since 2013/14 we have worked with the lead organisations to finalise the potential redundancy liability, and this year, we now have a liability balance of £1.8m (2015/16: £2.0m). This was calculated after working with lead organisations to ascertain the movements (any increases/ decreases) since the initial liability was established. We will continue to work closely with the lead organisations to understand the noted redundancy liability and ensure an appropriate provision is available for potential redundancies.

Senior Management have considered the need to provide for contingent liabilities as a result of the anouncement in October 2016, however at the time of publishing these accounts, it was impossible to make a reliable estimate of costs associate with the winding up of the Money Advice Service and the transfer of assets to a new money guidance. This is also in line with preparing the accounts on a going concern basis. Management gave the issue due consideration.

17. Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel of the Money Advice Service is set in the remuneration report (page 86). The individuals identified in the remuneration report are the key management personnel as defined by IAS. This includes the Chair and Board of executive and non-executive directors.

Significant transactions with the Financial Conduct Authority (FCA)

Under statute (Financial Services Act 2010) the FCA approves the Money Advice Service budget but does not have influence over the operations of the Money Advice Service. Accordingly, the FCA does not control the Money Advice Service, but does consider it to be a related party.

Included in trade and other receivables (note 9) is £0.3m which is outstanding as at 31 March 2017 and relates to the FCA. The receivable is levy income invoiced but not paid to the Money Advice Service. We have recognised income as described in our revenue recognition policy disclosed in the notes above.

During the year, the FCA provided an invoicing and fees collection service to the Money Advice Service.

The FCA charged the Money Advice Service an amount of £110,000 excluding VAT for the provision of this service for the year ended 31 March 2017 (2015/16: £95,000 excluding VAT).

A bad debt provision balance of £666 in relation to 2016/17 FCA levy income has been recorded for the year as per note 12 (2015/16: £11,456)

18. Losses and special payments

There were no losses or special payments during the current period or prior year.

19. Special severance payments

There were special severance payments made during the current year of £401,637 (as shown in Note 5) and there was one special severance payment made in the prior year.

20. Sickness absences

For the year ended 31 March 2017 the average absence rate was 1.4% of total staff (2015/16: 1.4%)

21. Events after the reporting period

The Money Advice Service directors' report and financial statements for the year ended 31 March 2017 were approved by the board of Directors on 6 July 2017.

There were no significant events after the reporting period.

22. Accounts direction from HM Treasury

The accounts direction from HM Treasury for the year ended 31 March 2017 is in the following section. As directed we have followed the principles identified in the Government Financial Reporting Manual issued by HM Treasury to produce the financial statements for the year ended 31 March 2017. On 16 April 2015 the GGC Baseline Panel confirmed the exemption of the Money Advice Service from Sustainability reporting. The exemption was granted because the Service did not meet the minimum requirement for the disclosure due to size.

Accounts direction from HM Treasury

HM Treasury

HM Treasury
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London SW1A 2HQ
www.gov.uk/hm-treasury

Money Advice Service
Holborn Centre
120 Holborn
London
EC1N 2TD

18 December 2014

ACCOUNTS DIRECTION GIVEN BY HM TREASURY IN ACCORDANCE WITH SECTION 5(2) OF THE GOVERNMENT RESOURCES AND ACCOUNTS ACT 2000

1. This direction applies to Money Advice Service (MAS).

2. MAS shall prepare accounts for the financial year ended 31 March 2015 and future years in compliance with the accounting principles and disclosure requirements of and in accordance with the Companies Act 2006 and International Financial Reporting Standards as adopted by the EU.

3. In addition to compliance with the Companies Act, MAS shall also have regard for the requirements and principles identified in the Government Financial Reporting Manual issued by HM Treasury ("the FReM") for the financial year for which the accounts are being prepared to the extent that they clarify or build on the requirements of the Companies Act. This includes in the following areas:

a) Governance Statement
b) Remuneration Report
c) Fair Pay Disclosure
d) Exit Packages
e) Balances with other government bodies
f) Losses and Special Payments
g) Special Severance Payments
h) Sickness absences (for 2014-15 only)

4. The accounts shall be prepared so as to:

(a) give a true and fair view of the state of affairs at 31 March 2015, and subsequent financial year-ends, and the result, changes in tax payer's equity and cash flows for the financial year then ended; and

(b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.

Kate Ivers
Deputy Finance Director
Her Majesty's Treasury

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*Calls are free. To help us maintain and improve our service, we may record or monitor calls.

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