National Audit Office

Report
by the Comptroller
and Auditor General

Money Advice Service

Helping consumers to manage their money

HC 879 SESSION 2013-14 5 DECEMBER 2013

Our vision is to help the nation spend wisely.

Our public audit perspective helps Parliament hold government to account and improve public services.

National Audit Office

Money Advice Service

Helping consumers to manage their money

Report by the Comptroller and Auditor General

Ordered by the House of Commons
to be printed on 4 December 2013

This report has been prepared under Section 6 of the National Audit Act 1983 for presentation to the House of Commons in accordance with Section 9 of the Act

Amyas Morse
Comptroller and Auditor General
National Audit Office

3 December 2013

HC 879 London: The Stationery Office £16.00

This study examines whether the advice services offered by the Money Advice Service represents value for money for consumers.

Printed in the UK for The Stationery Office Limited on behalf of the Controller of Her Majesty's Stationery Office

2607921 12/13 PRCS

Contents

The National Audit Office study team consisted of:
Michael Baer, Stephanie Bryant, Charlie Gluckman, Andrew Goldstein and Anna Sydorak-Tomczyk, under the direction of Alex Scharaschkin.

This report can be found on the National Audit Office website at www.nao.org.uk/2013-money-advice

For further information about the National Audit Office please contact:

National Audit Office
Press Office
157–197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Tel: 020 7798 7400

Enquiries: www.nao.org.uk/contact-us

Website: www.nao.org.uk

Twitter: @NAOorguk

Key facts

19.2m	**£80.8m**	**5.7m**
consumers estimated to need money advice	funding for Money Advice Service, 2012-13	unique contacts to the Money Advice Service in 2012-13

97 per cent	of contacts to the Service are on the website
1 million	tools completed on the website between April and July 2013
44 per cent	of consumers recognise the Money Advice Service brand
£18.05 million	marketing spend in 2012-13
£34.5 million	funding for face-to-face debt advice in the UK, 2012-13
158,000	face-to-face debt advice sessions in England and Wales, 2012-13

Summary

1 The Money Advice Service (the Service) was set up in 2010 in response to the government commissioned Thoresen review[1] into consumer financial capability, which estimated that 19 million people in the UK would benefit from generic financial advice. The Service was initially set two main objectives, which were to enhance the public's:

- understanding and knowledge about financial matters; and
- ability to manage their own financial affairs.

2 The Service interpreted these objectives based on the recommendations from the Thoresen review and decided to provide consumers free, independent, impartial information about money matters itself. It does not give advice that is regulated by the Financial Conduct Authority (for example, advice on choosing financial products), so it is restricted as to the information it can give. This information (referred to as 'money advice' in this report) is provided through a website, web-chat, phone and face-to-face sessions. The phone and web-chat services are provided by an outsourced contact centre and face-to-face sessions are provided by a number of contractors across the UK. Money advice can be seen as a preventative intervention, aimed at helping those at risk from developing acute problems such as over-indebtedness.

3 In 2012, the Service also took over the responsibility from the Department for Business, Innovation & Skills (BIS) for funding free face-to-face debt advice projects in the UK, and took on responsibility for coordination of the entire debt advice sector. It is now the largest funder of face-to-face debt advice sessions in the UK. Debt advice is an acute intervention, to help those in crisis. The Service provides debt advice separately from money advice.

4 The Service is funded through a levy on the financial services industry. In 2012-13, the Service's budget was £80.8 million, including £34.5 million allocated to its debt advice programme.

1 Thoresen review of generic financial advice: Final report 2008 available at: webarchive.nationalarchives.gov.uk/+/http:/www.hm-treasury.gov.uk/media/8/3/thoresenreview_final.pdf

5 This report examines how far the Service is giving value to consumers who need financial advice and information. Debt advice (discussed in Part Two) and money advice (discussed in Parts Three and Four) are treated separately because of the difference in how these services are provided. The criteria we have used to assess whether the Service is value for money are as follows:

- Whether the Service has assessed consumers' need for advice.
- Whether the Service fills gaps in provision that other organisations do not address (rather than duplicating services); and coordinates the sector to ensure a high standard.
- Whether the advice and information is targeted to consumers who need it the most through the most effective channels.
- Whether the Service evaluates the cost-effectiveness of its advice; both in immediate impact and long-term behaviour change, and develops its approach as necessary.

Key findings

Importance of advice

6 Money advice is vital for some consumers to make effective decisions in complex financial services markets. The Service's recent survey showed that 36 per cent of consumers in the UK sometimes or often run out of money before payday and the proportion of people with savings has decreased from 75 per cent in 2006 to 62 per cent in 2013. Consumers do not understand some areas of the financial services sector. For example 35 per cent do not understand the effects of inflation on buying power. Money advice is therefore increasingly important for consumers to manage their money better and for markets to function effectively (paragraph 1.2 and Figure 1).

7 The Service was used by 2.1 million consumers across all channels in 2012-13. In this period the Service had 6.8 million visits to its website (97 per cent of all contacts with the Service), from 5.7 million consumers, 97,000 consumers through its contact centre, and 100,000 face-to-face advice sessions. The 2.1 million it reported was calculated by removing fleeting visits to the website. The Service still makes this calculation but no longer reports it at board level. Furthermore, over a third of calls received in the contact centre were out of scope (paragraph 3.2 and Figure 7).

Costs of provision

8 The Service's procurement department managed 87 per cent of the Service's budget in 2012-13 and followed appropriate procedures. The Service procures many of its services, including face-to-face advice and the contact centre for phone and web-chat services, and therefore the procurement team fulfil a vital function. The procurement team is highly visible in the office and set up contracts using official procurement guidelines or through approved government contractors (paragraphs 1.12 to 1.15).

9 **The Service reports a total cost per contact across all advice channels to its board, which is not broken down into the cost per contact for individual channels.** Due to the way in which the contracts with the contact centre are structured, the cost per actual contact achieved differs from the fixed price per contact written into the contract. We calculated the cost per actual contact achieved for web-chat and phone advice sessions and found them to be higher than the fixed price. Therefore it is important the cost per actual contact achieved is calculated for each advice channel and reported to the board (paragraphs 3.6 to 3.10).

Debt advice

10 **Since taking on responsibility for debt advice, the Service has reduced unit costs for provision.** The Service took over responsibility for commissioning face-to-face debt advice sessions from BIS in April 2012 and provided £30.2 million in funding across the UK. The Service provided 158,000 face-to-face debt advice sessions in 2012-13, an increase of 58 per cent on the previous year. It has reduced average unit costs for this advice from between £201 to £377 down to £169 (paragraphs 2.6 and 2.7).

11 **The Service has also improved standards of debt advice.** When it took over commissioning face-to-face debt advice from BIS the Service reviewed the demand and the provision of debt advice to consumers. This increased its understanding of the sector. It is continuing this work by developing standards and an evaluation framework for advice sessions, to continue to improve the quality and consistency of advice throughout the sector. However, debt advice providers have found the misalignment between the funding timetable and the Service's overall budget process difficult (paragraphs 2.9 to 2.13).

Money advice

12 **A timetable was set for the Service to start providing advice in April 2011, which did not allow it time to conduct analysis into the need for advice.** In June 2011 the Service began work into understanding the need for money advice. However, it was not able to use the analysis it conducted around the need and availability of money advice to inform the launch of its services (paragraph 4.4 and Figure 15).

13 **The Service adopted a 'digital first' strategy, but the evidence that the Service's digital platform is meeting consumers' needs is mixed.** Following the Service's £18 million marketing campaign, visits to the website increased by 400 per cent and consumers stating that the Service has provided them with the information they required has increased to 83 per cent. The proportion of consumers completing a tool on the website has increased from 13 per cent to 25 per cent, however, the time consumers are spending on the site has dropped over this period and 50 per cent of consumers leave the website after visiting only one page. Moreover, despite the fact that more than half the adult population now use a mobile phone to access the internet, the Service has not yet completed the development of a mobile platform (paragraphs 3.11 to 3.22).

14 **According to the Service's own financial capability survey the 'older families' segments targeted for advice actually score better on nearly all measures of financial capability than the UK population average.** The Service has used measures of consumers' financial outcomes to select segments of the population on which to focus its marketing and interventions. However, the different levels of risk for different individuals not achieving these outcomes have not been included in the analysis. These groups may not, therefore, include the consumers who would benefit most (paragraph 4.23 and Figure 23).

15 **After two years of providing insufficiently targeted advice, the Service has now reached a phase in its strategy in which it is developing more targeted advice provision.** From April 2011 to March 2013, the Service's advice provision has not been sufficiently targeted to those most in need. However, work completed in 2012-13 to focus advice towards consumers achieving specific outcomes is only now enabling the Service to provide more targeted advice. The launch of the UK Financial Capability Strategy, to be published in 2014, also means the Service will be better placed to influence the money advice sector to bring about long-term behaviour change. The Service is also now doing more partnership working, and is beginning to develop more of an understanding of the need for money advice. This work has allowed the Service to improve its relationships with its stakeholders (paragraphs 4.15 to 4.18).

Evaluation and monitoring

16 **The Service has not reported a consistent measure of website engagement to the board.** The Service's website is the centrepiece of its 'digital first' strategy. The Service monitors website engagement, through measures such as number of articles read and tools completed, and has reported some of these specific measures to the board. However, it has not reported a consistent measure over time which incorporates other industry standard measures, such as the proportion of visitors who leave the website after looking at only one page (paragraphs 3.12 to 3.15).

17 **The Service has not yet combined its evaluation projects, measuring outcomes and success, into an overall evaluation programme.** The evaluation projects that the Service set up include its Financial Capability Tracker survey first run in 2013, which allows it to compare outcomes for Service users against the general population. There is also an impact survey, which will give information about the actions consumers take after receiving advice, a debt advice evaluation framework and evaluation framework for financial capability. However, there is no overarching strategy to combine these projects, give evidence for the Service to allocate resources, and inform the organisation's direction (paragraphs 4.30 to 4.32).

Conclusion on value for money

18 The Money Advice Service has achieved value for money in its debt advice work. The number of advice sessions has increased, the unit costs have fallen, and the quality standards of advice have been continuously improving since our last examination in 2010. For the provision of money advice, the Service is only now moving in the right direction to allow it to add more value in providing an important service. It has not yet shown that it is achieving value for money as it has not to date sufficiently targeted its interventions to those who need it most. It is now moving in the right direction by developing a more specific and targeted provision.

Recommendations

a **The Service should ensure that debt advice standards are maintained now it has moved to a three-year funding period for providers.** The Service should assess the providers' quality assurance processes to ensure that this will allow the Service to maintain debt advice provider standards throughout the new three-year grant agreements. It should ensure that its plans for implementing a peer review will provide it with the assurance it needs for quality.

b **The Service should develop an understanding of the risks to different consumers associated with its outcome measures.** The Service should aim to understand the different levels of risks that not achieving its outcomes poses for different groups in the UK population. It should then use this analysis to better segment the UK population and identify their advice needs and how these can be best met.

c **The Service should continue to develop its role to become more of an influencer of other organisations people turn to for money advice.** The Service has already improved how it works with stakeholders to achieve its statutory objectives. It should continue to develop these relationships through the UK Financial Capability Strategy to establish a thorough assessment of the landscape and the gaps that it can fill, and further build on its partnership working to ensure that money advice can be given to more people.

d **The Service should continue to build relationships and links with regulated financial advisers who can provide advice on regulated financial products that fall outside the remit of the Service.** Under existing regulation the Service cannot provide individuals with information on regulated products, however, it could signpost users to sources of regulated advice.

e **The Service should create a coherent evaluation strategy to bring its existing evaluation projects together.** To achieve value, the Service needs to evaluate what it provides to measure engagement such as a consistent measure of website engagement, the immediate impacts of its advice services, as well as measuring longer-term behaviour change. The Service should use this evaluation to make more informed decisions on allocating resources to maximise cost-effectiveness, ensure that advice is meeting need, and ensure that it uses the right channels.

Part One

Background

1.1 Money advice, independent and impartial information about money matters, is vital to some consumers because financial services markets are complex and present a number of difficulties for consumers. Well targeted money advice can increase consumers' financial capability, preventing them from experiencing harm in these markets. The economic recession following the financial crisis in 2008 has made providing money advice even more important. In the UK the government set up the Money Advice Service (the Service) to give consumers money advice. This part of the report examines:

- consumers' financial capability and how it has changed since 2006;
- how the Service was created and how it has interpreted its statutory objectives; and
- how it is funded.

Consumers' financial capability

1.2 In August 2013, the Service published results from a major survey of financial capability (discussed further in Part Four). Comparing these results with a survey run in 2006 shows how consumers' financial capability, knowledge and skills have changed. The evidence shows a larger proportion of people are now struggling with their money, that savings have not increased, and people have poor knowledge and understanding of financial services (**Figure 1**).

Figure 1
Financial capability of the UK

Area of questionnaire	2006 (%)	2013 (%)
Did the respondent report that they:		
Struggled to keep up with bills and credit commitments	35	51
Did not always make sure they had money saved for a rainy day	25	37
Did not understand inflation	21	33
Did not plan for the future	39	32
Run out of money at end of week/month	9	13

Source: Money Advice Service

Creating the Money Advice Service

1.3 The government commissioned Otto Thoresen in 2008 to review the potential ways to improve consumers' financial capability. Following Thoresen's report the government created the Consumer Financial Education Body (CFEB) in April 2010. This was rebranded as the Money Advice Service in April 2011. The government set the Service broad statutory objectives:

- to enhance the understanding and knowledge of the public about financial matters;
- to enhance the ability of members of the public to manage their own financial affairs; and
- to take on the responsibility for the coordination and provision of debt advice.[2]

1.4 **Figure 2** shows the timeline of the Service's development.

Figure 2
Timeline of the Service's development

Date	Action
May 2010	Consumer Financial Education Body established under Financial Services Act 2010 Staff moved from FSA's financial capability team, transitional board established and the first CEO started
Sept 2010	High-level strategy developed
Jan 2011 to Aug 2011	Senior management reorganisation and new directors appointed April 2011 – renamed Money Advice Service
Sept 2011 to Nov 2011	Migration approach approved and governance frameworks established
Dec 2011 to Dec 2012	Transformation programme People change – including redundancies, changes to terms and conditions, and recruitment for target operating model April 2012 – took over debt advice coordinating role from BIS July 2012 – relaunch of website and re-procured contact centre contract Sept 2012 onwards – awareness advertising campaign
Feb 2013	New CEO takes up post

Note
1 The Financial Services Act 2010. Available at: www.legislation.gov.uk/ukpga/2010/28/pdfs/ukpga_20100028_en.pdf

Source: National Audit Office analysis

2 The responsibility for commissioning free face-to-face debt advice sessions and coordinating the sector was passed to the Money Advice Service in April 2012.

1.5 The Service is accountable to a board that consists of the executive team and eight non-executive directors. The board is responsible for setting the organisation's strategy. The Service is also accountable to the Financial Conduct Authority, which approves the Service's business plan, budget, annual report and the appointments of the CEO and chair of the board. The Service must consult with HM Treasury and the Office of Fair Trading when preparing its business plan and budget.

Advice provided by the Service

1.6 The Service interpreted its statutory objectives to mean that it should itself provide generic money advice to consumers. This approach was chosen instead of meeting its statutory objectives by influencing existing providers of generic money advice to raise standards and ensure quality, including where necessary filling the gaps left by existing provision. The Service therefore provides advice itself through a website, phone, web-chat and face-to-face sessions. It operates a 'digital first' operating model, directing consumers primarily to its website. **Figure 3** illustrates the services the website provides.

Figure 3
The Service's provision

Provision	Description
Tools	The Service provides tools to consumers to help them manage their money, for example a budget planner, and make more effective decisions, for example a mortgage calculator.
Comparison tables	These enable consumers to compare products such as credit cards and annuities.
Guides	Guides can be read on the website or printed, and provide information on specific topics. For example, dealing with a mortgage shortfall.
Letter templates	These can be used by consumers in specific situations, such as reclaiming mis-sold PPI.
News	This provides consumers with the latest financial and money news.
Information	Information is provided on: life events; managing money; and other money topics.

Source: National Audit Office analysis

1.7 The website is developed in-house. However, the contact centre (which provides phone and web-chat services) and face-to-face advice sessions are contracted out to a number of suppliers (**Figure 4** overleaf). The Service was set up to give information and guidance about money matters, and not to provide regulated financial advice, the provision of which is regulated by the Financial Conduct Authority. Therefore, the Service does not provide advice on regulated products.

1.8 In April 2012, the Service took over the responsibility for coordinating and commissioning free face-to-face debt advice from the Department for Business, Innovation & Skills. This face-to-face advice gives consumers options for dealing with their debt. We discuss debt advice separately from money advice in this report as it is provided using a different operating model.

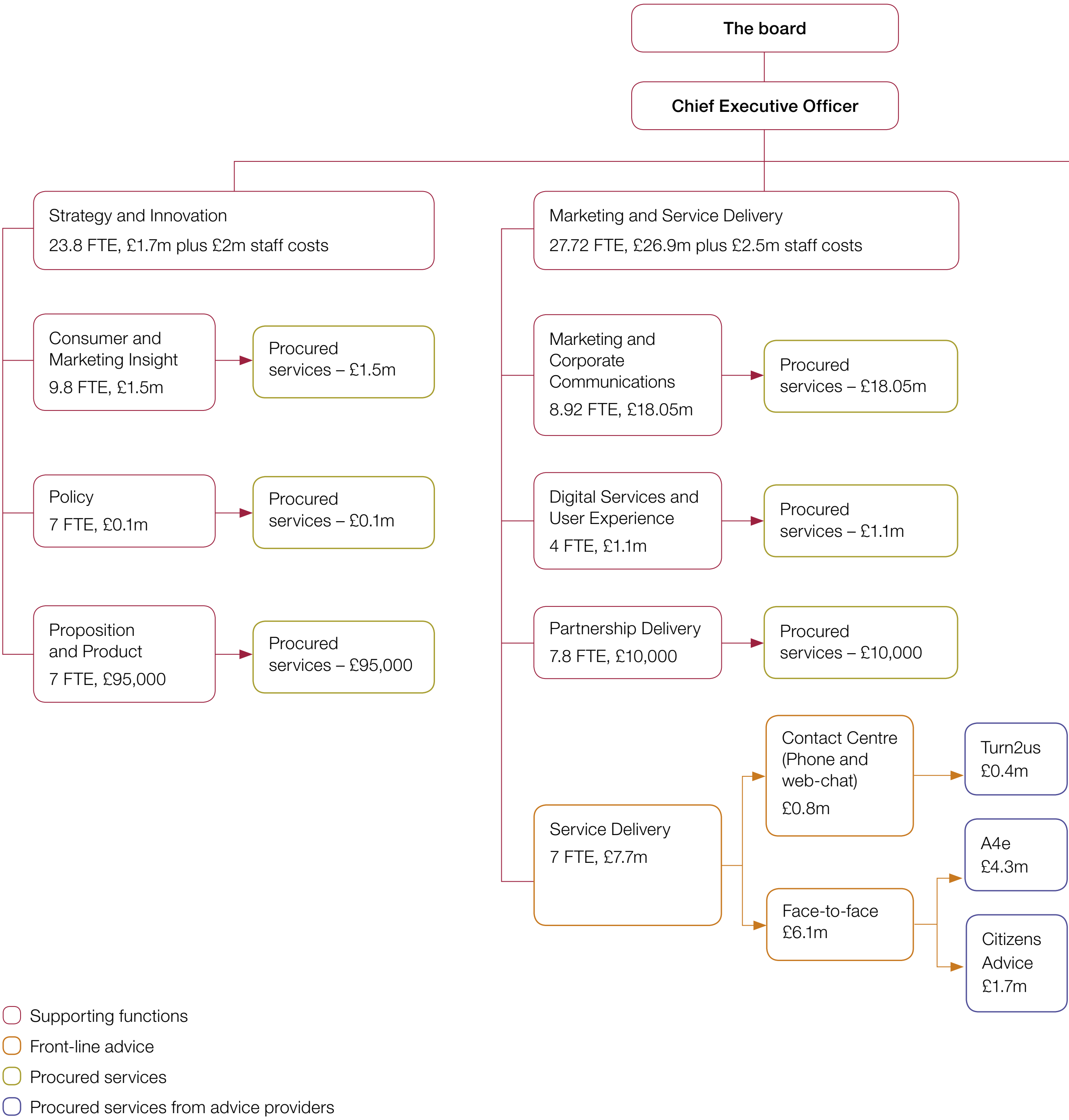
1.9 The Service is also developing a UK Financial Capability Strategy, to be published in 2014. This will combine the results from its Financial Capability Tracker survey with insight from stakeholders to show how different advice-giving organisations can work together to increase financial capability.

Funding

1.10 The Service is funded through a levy collected from the financial services industry. The levy is fixed by the Financial Conduct Authority and is apportioned among businesses. The income the Service receives from the levy is outlined in **Figure 5** on page 16.

1.11 When the Service was rebranded in April 2011, it had to devote significant resources to redevelopment. We have classified these as supporting functions: the processes required to set up and maintain the service. **Figure 6** on page 16 shows that in its first year of operation, the Service allocated a larger proportion of its resource to supporting functions than to front-line delivery, owing to the high set-up costs required. In April 2012, as the Service became more established, a larger proportion of resource was allocated to front-line service costs. This increased allocation of resources to front-line services allows the Service to provide advice to a greater number of consumers.

Figure 4
The Money Advice Service operating model 2012-13



Notes

1 Procurement managed 87 per cent of the Money Advice Service's spend in 2012-13

2 Staff numbers equals permanent staff at 31st March 2013.

3 EMMA (East Midlands Money Advice), GMMAP (Greater Merseyside Money Advice Project), BDAC (Bristol Debt Advice Centre), CFS (Capital Financial Solutions).

Source: National Audit Office analysis

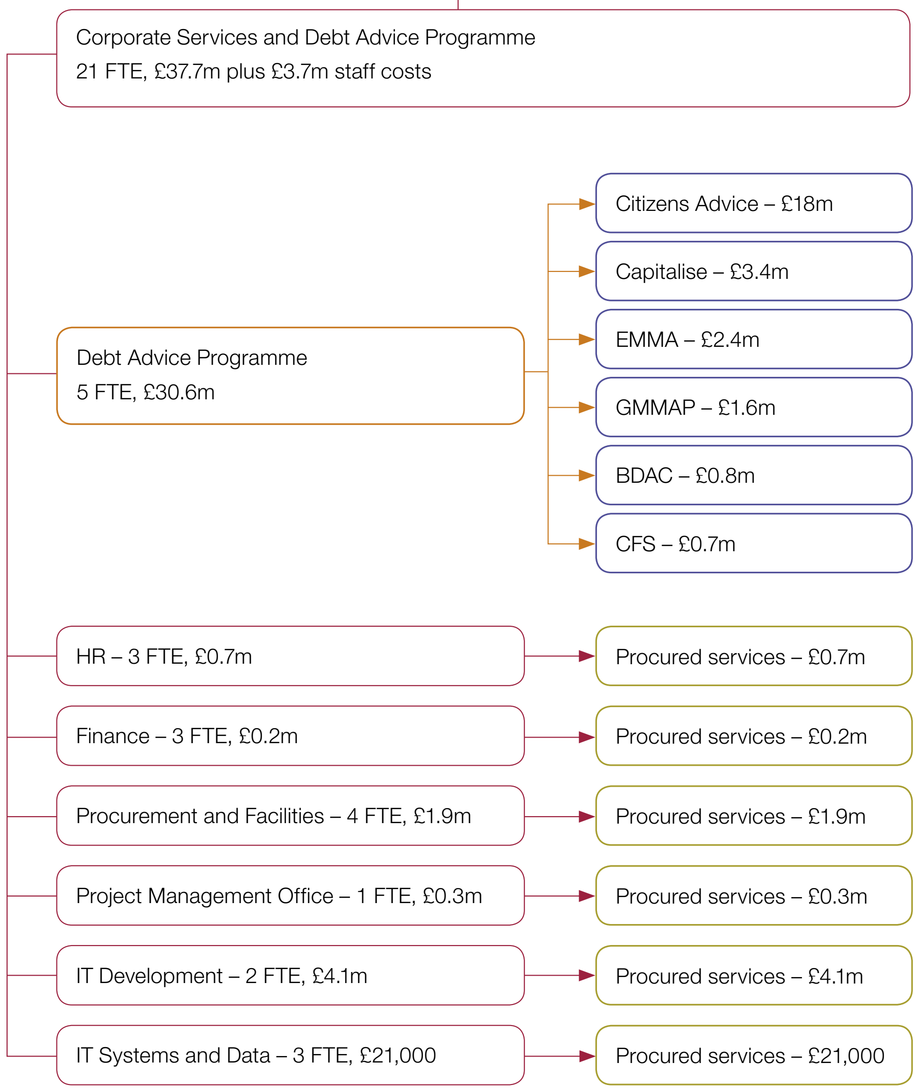

Corporate Services and Debt Advice Programme
21 FTE, £37.7m plus £3.7m staff costs
Debt Advice Programme
5 FTE, £30.6m
Citizens Advice – £18m
Capitalise – £3.4m
EMMA – £2.4m
GMMAP – £1.6m
BDAC – £0.8m
CFS – £0.7m
HR – 3 FTE, £0.7m
Procured services – £0.7m
Finance – 3 FTE, £0.2m
Procured services – £0.2m
Procurement and Facilities – 4 FTE, £1.9m
Procured services – £1.9m
Project Management Office – 1 FTE, £0.3m
Procured services – £0.3m
IT Development – 2 FTE, £4.1m
Procured services – £4.1m
IT Systems and Data – 3 FTE, £21,000
Procured services – £21,000

Figure 5
The Money Advice Service budget

Year	Money advice budget (£m)	Debt advice budget (£m)
2011-12	43.7	0.9
2012-13	46.3	34.5
2013-14	43.8	34.5

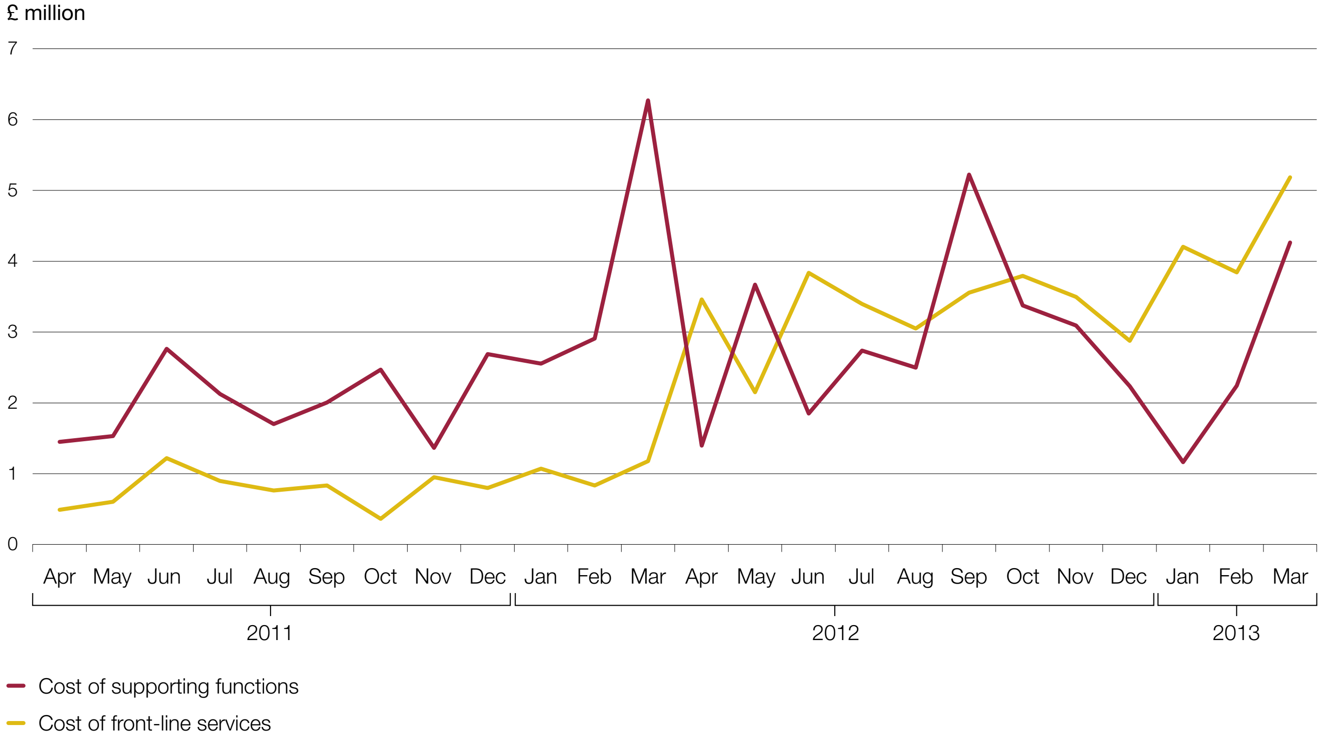
Note

1 The Service took over responsibility for commissioning free face-to-face debt advice services and coordinating the sector in April 2012.

Source: Money Advice Service

Figure 6
Supporting functions costs versus costs of front-line services

Costs of supporting functions were initially greater than the costs of front-line services until October 2012 when the spending on front-line services increased



Notes

1 The increase in March 2012 is due to year end accounting adjustments, where the Service made provisions in its statutory accounts for planned redundancies.

2 The increase in September 2012 is due to the 'what does MA think?' advertising campaign.

Source: Money Advice Service data

Proportion of outsourced expenditure

1.12 In 2012-13, 87 per cent of the Service's expenditure was on procured or commissioned services. The procurement team is small, but the head of procurement is part of the senior management team, which gives procurement high visibility within the Service.

1.13 Although procurement is a central function for the Service, it is not mentioned in the annual report and business plan. The organisation's key performance indicators do not include achieving efficiencies through effective procurement. This was highlighted in the Service's internal audit report.

1.14 We examined procurement's effectiveness and found that between March 2011 and June 2013 the Service purchased goods and services from over 90 suppliers with a total contracts value of £55.6 million (including £38 million grant-in-aid for debt advice). The highest value contract of £8 million was awarded to Turn2us, which provide the contact centre for the phone and web-chat services, and followed the Official Journal of the EU tender process. Other high-value contracts were procured with existing government suppliers.

1.15 The Service awarded 16 contracts using a single tender action (STA), which means awarding a contract without competition, between April and September 2012. This constitutes 31 per cent of all contracts from that period. The large numbers of STAs were awarded during the transformation programme due to the need to take quick action. The procurement team followed good practice by reporting these contracts every six months to the Audit and Risk Committee. During October 2012 to April 2013, the number of STAs decreased and only two STAs were reported (7 per cent of the total number of contracts from that period). The procurement team aims to maintain this lower level of STAs.

Part Two

Achieving value from debt advice

2.1 This part examines how effectively the Service uses its resources to give face-to-face debt advice. It discusses:

- the organisations that the Service commissions to give face-to-face advice;
- the conditions of the funding and the costs of the advice sessions; and
- how the Service coordinates the debt advice sector.

Commissioning face-to-face debt advice

2.2 The Service is the largest single funder of debt advice in the UK. It provides grants totalling £26.7 million for projects in England and Wales, it works with partners in Scotland by providing £2.7 million, and with the Northern Ireland Department of Enterprise, Trade and Investment by contributing £0.8 million.

2.3 Debt advice providers are funded by the Service through a grant agreement, rather than on a contractual basis. This means it can choose providers without completing a procurement exercise. This is less costly for both the Service, and the third sector providers.

2.4 The grants are managed by lead organisations which apportion the funding across their different projects to provide the debt advice. There are six lead organisations in England and Wales. Debt advice is predominantly given face-to-face, however, the grant agreements allow for up to 22 per cent of sessions to be provided by phone or email. Take-up of phone or email debt advice was 6 per cent in the second quarter of 2013-14.

2.5 Debt advice providers in England and Wales receive grant monies monthly, in advance. They have agreed targets for the number of sessions they will meet each month. In addition to the quantitative targets, the grant agreements have built-in qualitative targets that providers report against quarterly. The quality assurance processes for each project were set out by each lead organisation within the grant agreements and subsequently agreed with the Service. Failing to meet the qualitative targets triggers a ‘qualitative improvement plan’ and requires the provider to give the Service more frequent progress reports.

Success of projects

2.6 In 2012-13, the Service funded 158,000 debt advice sessions in England and Wales, a 58 per cent increase compared with the number of sessions funded by the Department for Business, Innovation & Skills (BIS) in 2011-12. One of the reasons for the increased number of sessions is that previously debt advice was based around casework in which a client may have received a number of face-to-face appointments to resolve an issue. However, the Service has moved towards holding one-off sessions that give the client the tools to resolve their debt problems. This change has not affected the ability of debt advice providers to give consumers the help they need.

2.7 Our 2010 report *Helping over-indebted consumers*[3] identified that the cost of projects in 2009 ranged from £201 to £377 per client seen. The average cost of a debt advice session in 2012-13 is lower at £169[4], because these sessions are now shorter. Only one of the debt advice providers, Citizens Advice, charges a higher average amount per session of £171 as it includes specialist services for hard to reach client groups such as prisoners, people on probation and disabled people, which are more costly to deliver.

Coordinating the debt advice sector

2.8 Before taking on debt advice responsibilities, the Service commissioned London Economics to produce a comprehensive landscape review of debt advice in the UK. The research concluded that the debt advice sector was fragmented and that debt advice seekers do not fully understand the range of options available to them. The report also highlighted that no comprehensive market data existed about the level of need for debt advice. This research helped the Service to coordinate the sector through its debt advice advisory forum, through which it can continually engage with stakeholders in the debt advice sector. This has been welcomed by stakeholders.

Standards setting

2.9 The Service has taken a positive step by developing a quality standards framework for debt advice. It was developed after a three-month consultation and is a tool for providers to ensure that they meet the necessary quality standards. The Service aims to roll out the framework across the sector so that consumers can feel confident that they will receive consistently high-quality debt advice.

2.10 Organisations that comply with the framework standards will receive an accreditation award and be published on the Service's website. From April 2014, compliance with the framework standards will become a requirement to receive Service funding. The quality framework is the first attempt to bring more consistency to the quality of the debt advice.

3 Comptroller and Auditor General, *Helping over-indebted consumers*, Session 2009-10, HC 292, National Audit Office, February 2010.

4 £201 to £377 is shown in 2009 prices and £169 is in 2012-13 prices. Figures have not been adjusted for inflation as the unit costs calculated in 2009 covered more than one financial year and therefore the difference is in nominal terms.

Future of debt advice

2.11 The Service has improved the provision of debt advice since taking over from BIS. It has increased the number of clients receiving debt advice and worked to pull together a more coherent sector. Further work could be conducted to see whether people would be better served by certain channels rather than others, to further improve the cost-effectiveness of this provision.

2.12 The current arrangements for the grant agreements require providers to apply for a grant annually which has created uncertainty for the providers as they have to issue redundancy notices to all advisers annually, because current grant agreements end before the Service's budget is approved. This makes it difficult for third sector organisations to recruit and retain high-quality staff. To improve the process the Service has now introduced a three-year agreement.

2.13 As debt advice is run as a discrete programme, the Service produces a separate business plan for this work. The *2012-13 Debt Advice Business Plan*[5] included an intention to introduce a new 'triage' approach to debt advice, to ensure efficiency in giving the best advice through the most appropriate channel. The Service budgeted for a pilot triage system but due to a lack of sector support this was never undertaken, and therefore no triage system has been put in place.

5 Money Advice Service *2012-13 Debt Advice Business Plan*. Available at: www.moneyadviceservice.org.uk/en/static/business-plan-for-coordination-of-debt-advice-published

Part Three

Performance of money advice

3.1 As outlined in Part One the Service interpreted its statutory objectives to mean that it should provide generic money advice to consumers. Given this interpretation it provides a multi-channel service operating on a ‘digital first’ basis. This section examines:

- how many consumers the Service has reached;
- what the Service has spent on providing money advice; and
- how engaged and satisfied consumers have been with the advice.

How many consumers the Service has reached

Number of contacts

3.2 In 2012-13, the Service gave money advice to 5.7 million people through its website, and 190,000 through its face-to-face, phone and web-chat services (**Figure 7**).

Figure 7
Number of advice sessions 2012-13

Channel	Number of sessions
Money advice	
Website (unique contacts)	5,657,000
Phone	75,000
Web-chat	15,000
Face-to-face	100,000
Total	**5,847,000**
Debt advice	158,000

Note
1 Phone contacts: 21,000 are ‘out of scope’: see 3.5.

Source: Money Advice Service data

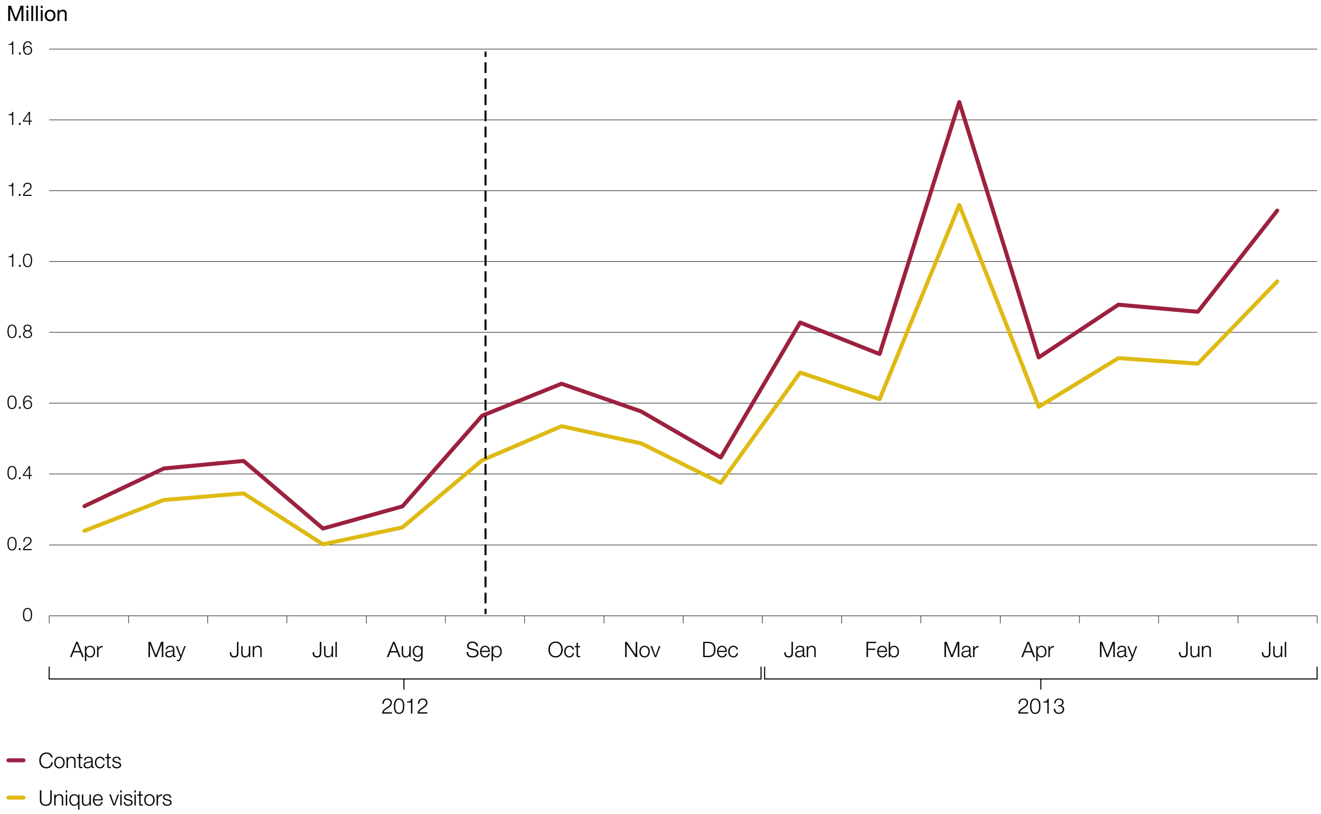
Website use

3.3 In its annual review the Service reported that 2.1 million consumers had used the website during 2012-13. This figure was calculated using a formula to assess the length of time consumers had spent on the website, and removing those who spent only a short amount of time on the site. The Service now reports the total number of users without using this formula, to be more in line with the industry standard measure. This explains the increase to 5.7 million visitors. However, reporting a measure to the board which represents consumers who spent longer on the website would enable the Service to gain a clearer picture of how engaged consumers are with the material provided (discussed further below).

3.4 Ninety-seven per cent of the Service's contacts are on the website. **Figure 8** shows the website contacts, and unique visitors, since April 2012. The number of contacts increased between December 2012 and July 2013 and shows a large increase in March 2013. The Service suggested that the peak in visitors to the website was due to marketing activity and consumers addressing their finances at the end of the financial year.

Figure 8
Contacts to the website

The number of consumers visiting the website has been increasing with a large peak in March 2013



Note
1 Vertical line refers to the launch of the 'What does MA think?' advertising campaign.

Source: Money Advice Service data

Use of other money advice channels

3.5 The number of advice sessions that the Service has provided through face-to-face, phone and web-chat channels is shown in **Figure 9**. Of phone contacts, 35 per cent are classified as outside of the Service's scope, for example some contacts relating to benefits or tax.

Costs of money advice

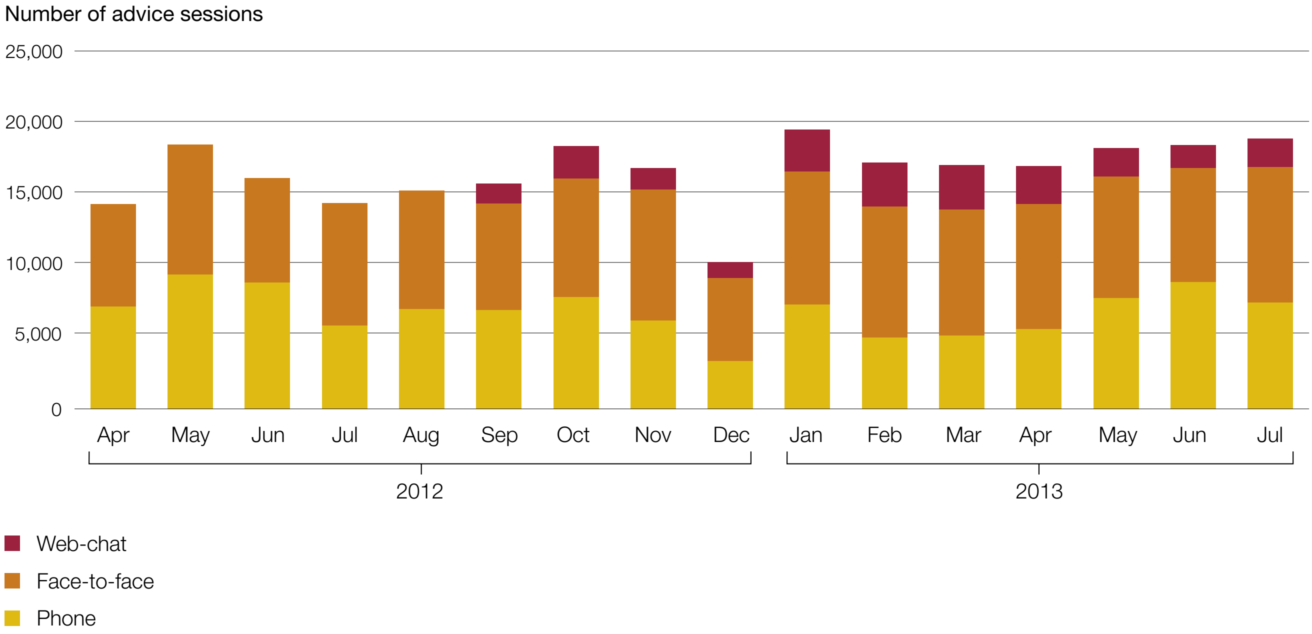
3.6 The Service redeveloped its website in 2012-13 at a cost of £5.1 million. The website is operated in-house, however the Service uses contractors for aspects of website development, for example the building of tools.

3.7 The Service provides web-chat and phone advice through a contact centre operated by Turn2us. The contract was set up in 2012 and contains fixed costs per contact, as well as additional incentivising costs. These additional charges have been written in to the contract to ensure quality and outcomes for consumers. In 2013-14, these incentivising costs have been set at between 0 and 13 per cent of the value of the contacts taken in that month, when Turn2us achieves targets for outcomes for consumers such as having consumers complete plans of action for dealing with their immediate money concerns.

Figure 9

Money advice sessions provided through face-to-face, web-chat and phone

The number of money advice sessions provided through each channel has remained relatively stable over time



Source: Money Advice Service data

3.8 The Service reports a total cost per contact across all advice channels to its board, which is not broken down into the cost per contact for individual channels. The Service does have the fixed price per contact for each channel as per the contracts with the providers. However, this does not reflect the actual cost per contact. The incentivising costs in the contract mean that the costs for actual contacts achieved in 2012-13 were higher than the fixed price per contact, by 3 per cent for web-chat and 29 per cent for phone contacts. It is important for the Service to be aware of this as it affects its ability to make cost-effective decisions about the resources allocated to the contact centre.

3.9 In 2013-14, the fixed costs in the contract were lower, by 99 per cent for web-chat and 107 per cent for phone, because it did not include the set-up costs that were paid in 2012-13. However, in the first quarter that the contract runs in 2013-14, the number of contacts was below the forecast level. This means that the costs per actual contact are higher than the fixed price per contact, because the contract pays the provider 80 per cent of the fixed costs regardless of the actual number of contacts received. Therefore, the Service only achieved a 30 per cent drop in cost per actual contacts for phone, and web-chat increased in cost per actual contact by 56 per cent. The Service has been proactive in amending its forecast of demand, however, this meant that it has not achieved efficiencies it would have hoped at the beginning of the second year of the contract.

3.10 The Service also provides face-to-face money advice through contractors. There are four contracts, for England, Wales, Scotland and Northern Ireland. The unit costs for these sessions vary between the different regions depending on the population density. In 2012-13, the Service provided over 100,000 face-to-face money advice sessions, at a total cost of £6.1 million. The majority of these sessions, over 81,000, took place in England.

Engagement with the advice

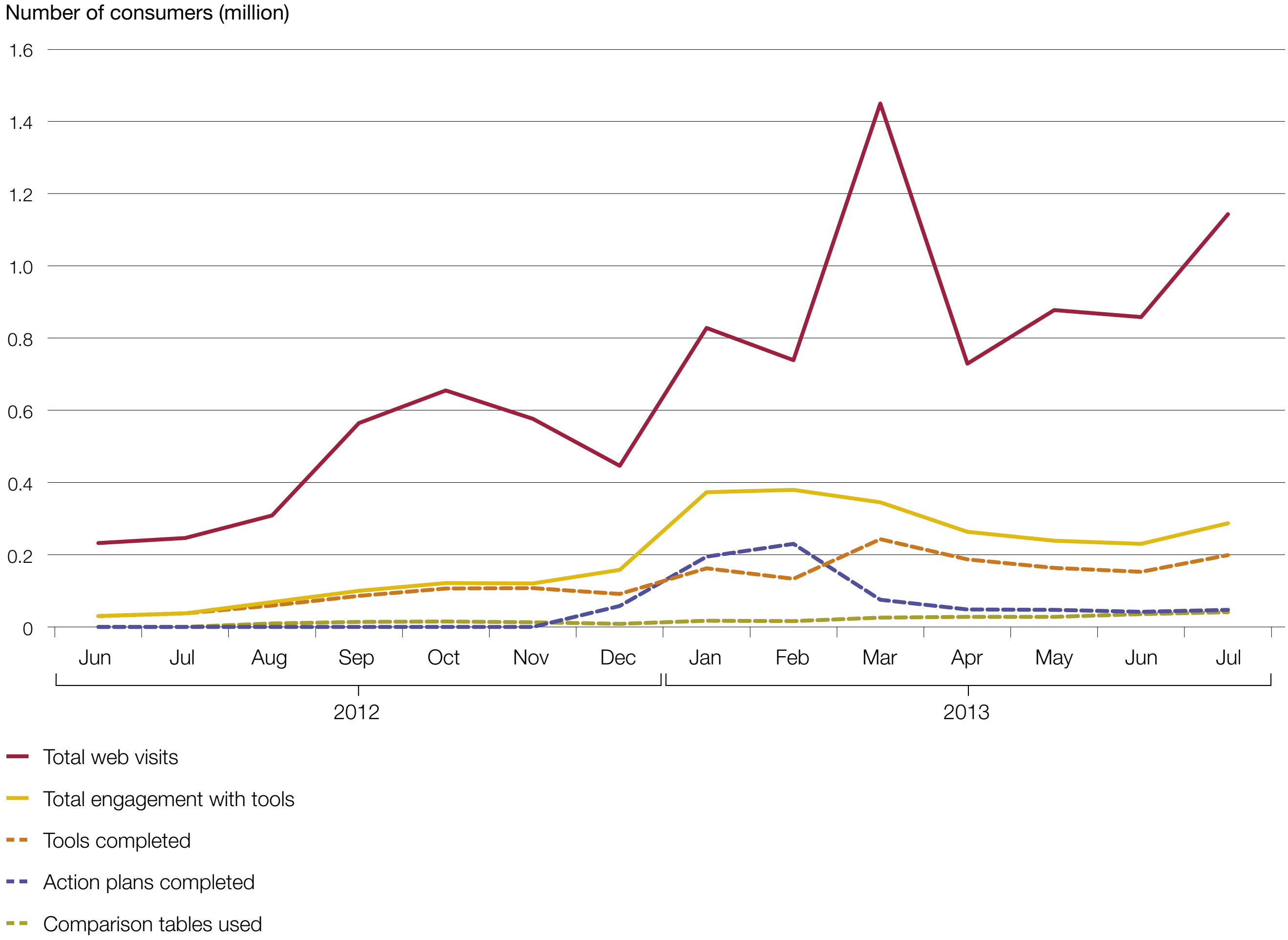
3.11 As well as measuring the number of consumers who use the Service, it is important that the Service also measures how engaged those consumers are. For the website this means visitors complete the tools, use the comparison tables, engage with the content and register their details with the Service. For the other channels consumer satisfaction provides a measure of engagement.

Website engagement

3.12 **Figure 10** shows the website contacts between June 2012 and July 2013. It also shows the proportion of consumers who took additional action, such as completing a tool, or using a comparison table. The figure shows that the number of visitors in July 2013 was almost a 400 per cent increase from June 2012. The proportion of visitors using a tool rose from 13 per cent to 25 per cent over the same period, although there was a peak in February 2013 of 51 per cent of visitors using tools.

Figure 10
Visits to the website and tools completed

The proportion of consumers using the tools available on the website has increased to 25 per cent of the visits to the website



Note

1 Total engagement with tools is the total number of visitors who have used a comparison table, completed an action plan or completed a tool.

Source: Money Advice Service data

3.13 One measure of engagement the Service uses includes counting the number of visits to article pages. This increases the engagement figure in July 2013 from 287,534 to 1,303,848 or 114 per cent of visitors. However, as this measure does not include the amount of time spent on each article, which would indicate whether consumers read the information available, we do not feel this figure is suitable for assessing engagement with the material on the website.

3.14 The Service reviews a number of measures of website performance, such as bounce rate (the proportion of users who leave the site after visiting only one page), the length of time spent on site and the number of pages viewed. However, it does not report these website performance measures regularly to the board, as we would expect considering the Service's 'digital first' operating model and that 97 per cent of consumers access the Service through the website. The Service could consider building an overall measure of engagement with material on the website which combines these standard industry measures with the number of repeat visits, the number of tools completed and customer satisfaction scores. **Figure 11** outlines these scores for July 2013.

3.15 These measures allow the Service to understand consumer engagement with the website. It shows that in July 2013, there have been some improvements in engagement, for example the proportion of consumers completing tools and reporting that they received the information they required. However, it also shows that a larger proportion of people spent less time on the site. The Service needs to ensure that they understand whether this means consumers found the information they needed more quickly or whether they did not engage with the material available.

Figure 11
Consumer engagement with the website

Measure	July 2013	Trend since July 2012
Bounce rate	50%	Increased from 42%
Average pages visited	3.9	Decreased from 4.9
Average time spent on site	00:02:39	Decreased from 00:04:10
Proportion of repeat visits	18%	Remained constant
Proportion completing tools	25%	Increased from 15%
Consumers reporting the Service has provided the information they required	83%	Increased from 74%

Source: Money Advice Service

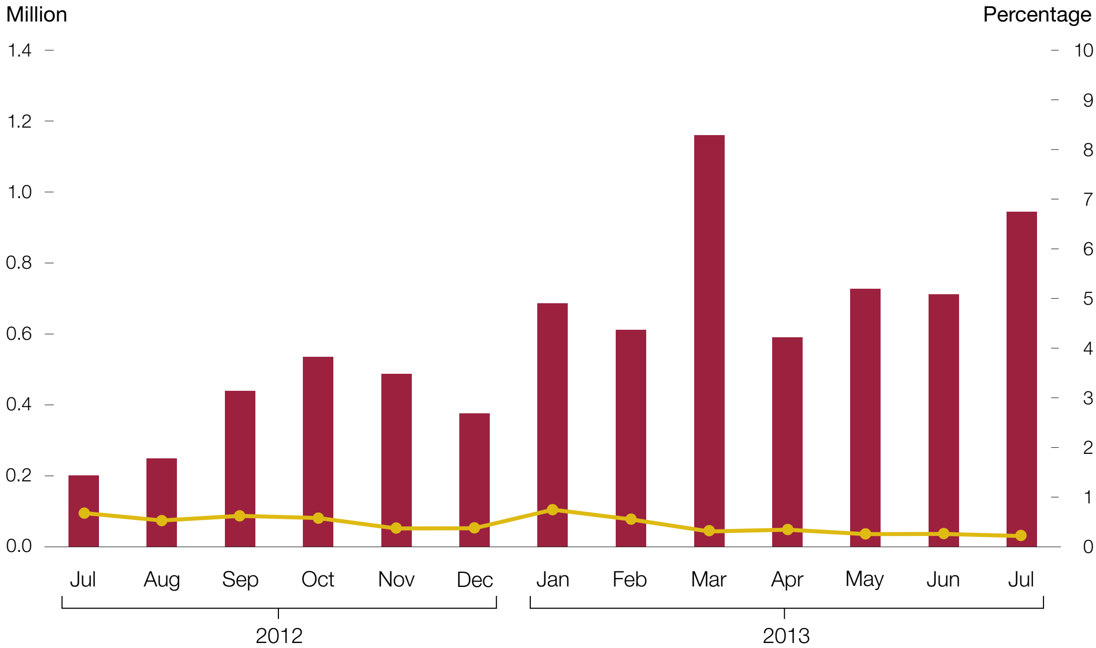
Website registrations

3.16 The Service has implemented a new Customer Relationship Management (CRM) system which allows consumers to register with the Service. This will allow the Service to collect information about each customer as well as track their 'customer journey' enabling it to evaluate the effectiveness of the information, and tools, provided for different types of consumers.

3.17 However, as shown in **Figure 12** the proportion of unique visitors who have registered in the CRM system so far is very low, with fewer than 0.5 per cent of contacts (around 2,000 people) registering each month, which suggests consumers are not yet highly engaged with the website. While the system has not been in place for long the Service needs to work hard to increase the numbers of people registering for this to be an effective evaluation tool.

Figure 12
CRM registrations

The proportion of unique visitors to the Service that register is very low



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Unique visitors (million)	0.20	0.25	0.44	0.53	0.49	0.38	0.69	0.61	1.16	0.59	0.73	0.71	0.94
Proportion of users who registered (%)	0.68	0.53	0.62	0.58	0.37	0.37	0.75	0.55	0.31	0.34	0.26	0.26	0.22

Source: Money Advice Service data

Proposition development in 'digital first'

3.18 The Service's proposition team develop the tools and resources for the website that aim to maximise consumer engagement. We reviewed four case studies to examine how the Service had developed a proposition – from concept to delivery. We would expect to see clear reasoning for the development or concept of the tool, and a business case showing costs and predicted benefits to consumers. We would also expect to see evidence of testing of the tool and ongoing evaluation after the tool has been rolled out to ensure that it is helping consumers with their money management. One of the case studies is shown in **Figure 13**.

3.19 The proposition development process in the cases we examined was broadly effective. However, our analysis found two main gaps. In some cases there was a lack of evidence at the concept stage. This suggests that the Service is not developing the tools based on research of the needs of consumers, and therefore may not be developing the most suitable tools to meet these needs. We also found that strong evaluation strategies are not currently built in to measure the success of propositions within the 'digital first' operating model, although this could be improved through the implementation of the new CRM system.

Figure 13
Developing the Universal Credit toolkit

The purpose of the project was to develop news articles, tools and guides to help universal credit claimants with their money management and cope with the changes in the benefits system. The business case was comprehensive and clearly defined the need for the project and what it would achieve. However, there were also some gaps, including evidence at the concept stage or clear idea of how the project will be evaluated (other than informal calls for feedback).

Source: National Audit Office analysis

Consumer satisfaction

3.20 Consumers who use the Service's money advice report high levels of satisfaction with the information that they receive. They say they are likely to revisit or recommend the Service and that it helped them to decide on a course of action (**Figure 14**). Satisfaction scores are highest for consumers who have received a face-to-face advice session (97 per cent compared with 87 per cent for phone contacts and 91 per cent for website visitors).

3.21 We conducted a 'mystery shopping' exercise to examine the quality of the contact centre advice. Phone advisers were consistently friendly and they gave relevant information before directing the caller to the relevant sections of the website and any other organisations that could help. However, as the Service was not set up to provide regulated financial advice, in some cases the advisers were restricted in the information they could provide.

3.22 Overall the web-chat service seemed to be less useful than the phone. Often there were long gaps between questions being asked and answered, which may be because advisers were working on more than one web-chat session at one time; and the information given tended to be a link to a page of the Service's website. The web-chat mystery shoppers at times felt that they would have liked responses that answered their queries about the information on the website before being directed to other pages of the website.

Figure 14

Consumer satisfaction

Advice channel	Customers who would recommend the Money Advice Service (%)	Customers agreeing they will revisit the Money Advice Service (%)	Customers agreeing 'we helped them decide on a course of action' (%)	Customers agreeing 'we have provided them with the information they required' (%)
Face-to-face	97	96	90	96
Website	91	91	76	84
Phone	85	88	69	81

Notes

1 Results from April or May 2012 up until May 2013.

2 Based on average monthly sample sizes of 444 for website, 125 for face-to-face and 100 for phone contacts.

Source: Money Advice Service data

Part Four

Achieving value from money advice

4.1 This part discusses how the Money Advice Service has added value through money advice in the past, and how this is affected by the Service's strategy development. This part focuses on how:

- the Service identified need and set up the advice provision;
- the Service raised awareness of the advice;
- the Service's strategy has been developing; and
- the Service now plans on measuring its success.

Value for money in money advice from 2011-12 to 2012-13

Identifying the consumers in need and setting up the advice provision

4.2 The Thoresen review of the need for advice used the Financial Services Authority's 2006 financial capability survey of 5,300 consumers to estimate that 19.2 million people in the UK could benefit from 'generic financial advice'. This was done by selecting 17 items on the survey which were used to score individuals. Respondents with a higher score were considered in need of advice.

4.3 The Thoresen analysis noted that no weighting was involved. For example, an individual who does not have the income or assets necessary to qualify for financial advice is given the same score as someone who is not saving for their retirement. It noted that "given more time and resources, further statistical analysis and profiling would be possible. This model should be considered as a starting point for taking the debate about the target market further".[6]

4.4 In April 2011, the Consumer Financial Education Body (CFEB) was rebranded as the Money Advice Service and launched its phone and face-to-face advice sessions. The Service inherited its website from CFEB and had to adhere to an existing commitment made to provide phone and face-to-face advice from the launch date. Up to this point the Service had not built upon the analysis of the Thoresen review.

6 Thoresen review of generic financial advice: Interim Report, October 2007, Annex 1, paragraph 6.3.

4.5 In June 2011, the Service conducted work to develop its understanding of the need for advice and considered that attitudes, rather than age or income, were the biggest influences on how people managed their money. It divided the population into segments based on attitudinal information. It used this analysis to identify an ‘addressable market’ of 19 million consumers who were likely to seek out money advice and a market of 11.3 million people that it aimed to reach through its digital service, which it outlined in its 2012 business plan.[7]

4.6 Although the Service had identified a ‘reachable market’ based on those consumers who were likely to seek advice through digital channels, it wanted the Service to become a household brand. Therefore, in September 2012, it initiated a marketing strategy for the provision of generic financial advice to the general public, focusing on four priority groups which represented three-quarters of the UK population.

4.7 In October 2012, the Service began new work to segment the market by the elements of consumer behaviour it wished to change. This segmentation was conducted separately from the previous attitudinal segmentation. We discuss the October 2012 segmentation in more detail later in this part of the report. **Figure 15** overleaf summarises the timelines of when the Service launched its money advice provision, and when it conducted these key pieces of research and strategy development.

4.8 As the Service set itself up as another provider in the money advice sector rather than influencing providers to enhance confidence in the quality of the services consumers already relied on, and fill any observed gaps based on what was needed, it has received criticism about duplicating existing material and not working in partnership with existing advice providers. Stakeholders told us that the Service’s website gives little information that is not available elsewhere and may not add anything for consumers who are not already inclined to seek money advice online.

4.9 The Service argues that it is not duplicating existing provision and is the only independent and unbiased source of money advice, as it has the only website that does not raise revenue through advertising or selling products. This allows consumers to have a high level of trust in the information that the Service gives. Research conducted by the Service shows that people trust the Service more than comparison websites, independent financial advisers and insurance companies. However, unsurprisingly for a relatively new organisation, it is trusted less than moneysavingexpert.com and Citizens Advice. The Service also argues that its provision gives consumers choice of where to go for money advice, although of course choice only benefits consumers who are already engaged with money matters.

7 Money Advice Service Business Plan 2012-13: available at: www.moneyadviceservice.org.uk/files/mas_business_plan_2012.pdf

Figure 15
Timeline of the Service's development

	2010	2011	2012	2013	2014
Organisational changes	**May 2010:** Consumer Finance Education Body established under Financial Services Act 2010.	**Apr 2011:** Renamed the Money Advice Service. **Jan to Aug 2011:** Senior management reorganisation and new directors appointed.	**Dec 2011–Dec 2012:** Transformation programme.	**Feb 2013:** New CEO in place. **Aug 2013:** New Chair in place.	
Strategy	**Sept 2010:** High-level strategy developed.		**Mar 2012:** Five-year strategy launched – it identifies 19 million people in need of advice and uses attitudinal segmentation to outline a reachable market of 11.3 million in any one year.	**Mar 2013:** Business plan for 2013-14 published identifying target population segments, 10.2 million people, based on outcomes and behaviour change.	**2014:** UK Financial Capability Strategy to be launched.
Research	**Jul 2010:** CFEB research developing interventions to build financial capability. **Nov 2010:** CFEB analysis of British Home Panel Survey for financial capability and saving.	**Feb 2011:** CFEB analysis of impacts of financial capability using British Home Panel Survey data. **Sept 2011:** Attitudinal segmentation and competition analysis.	**Sept 2012:** Start of 'What does MA think?' advertising campaign. **Oct 2012:** Experian mapping to identify target segments.	**Mar 2013:** Money Lives ethnographic project. **May 2013:** Young people's learning and habit formation. **Aug 2013:** Financial Capability Tracker survey published and Deeper Actions survey conducted.	
Advice provision	**2010:** Original website development.	**Apr 2011:** Phone and face-to-face money advice sessions launched. **Jun 2011:** Financial Healthcheck tool on website first launched.	**July 2012:** Launch of new website and re-procurement of contact centre. **Sept 2012:** Launch of web-chat.		

Source: National Audit Office analysis of Money Advice Service data

Making consumers aware of the Service

4.10 The decision to provide a money advice service to the general public meant that the Service's marketing plan set out to establish the Service as a brand and to raise awareness of it between 2011 and 2013. In 2012-13, the Service spent £18 million on marketing to build strong brand recognition and to become known as impartial and comprehensive. It advertised across multiple channels including TV, radio, outdoor, press and video on-demand. In September 2012, the Service launched the 'What does MA think?' campaign. We therefore examined how far the Service used marketing spend effectively to:

- increase 'prompted awareness' (where people say they recognise the name of the Service when they are given it);
- increase 'unprompted awareness' (where people report the Service is a place they trust to go to for money advice without being prompted with the name); and
- increase the number of people using the Service.

Prompted awareness

4.11 At the beginning of the campaign the Service's prompted awareness was 30 per cent. After phase two of the marketing campaign, prompted awareness had significantly increased to 43 per cent. **Figure 16** overleaf compares the Service's prompted awareness to other organisations that provide a similar service.

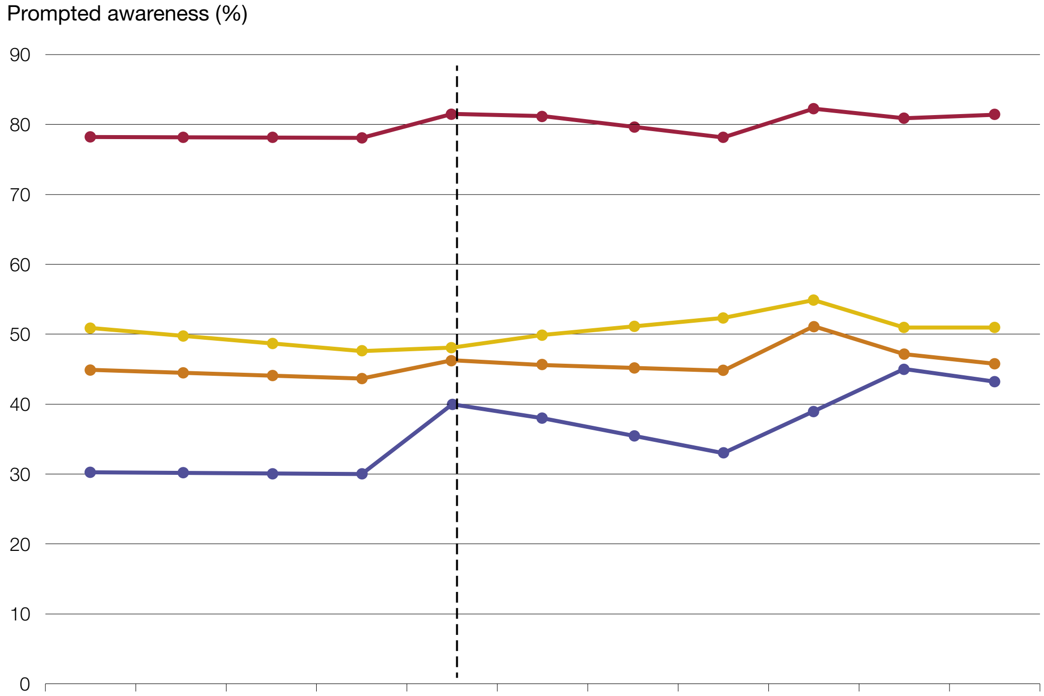
Unprompted awareness

4.12 As would be expected, unprompted awareness is much lower than prompted awareness (**Figure 17** on page 35). As the Service wants to be one of the providers that people turn to for money advice it is attempting to improve this awareness and it has risen from 1 per cent in April 2012 to 5 per cent in March 2013. Unprompted awareness is tracked by the Service but is not one of its key performance indicators.

Figure 16

Where people state they would go to for money advice when prompted

Prompted awareness of the Money Advice Service increased significantly between August 2012 and March 2013



	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
Consumer advice charity	78			78	81	81		78	82	81	81
Online money information provider	51			48	48	50		52	55	51	51
Consumer advocacy organisation	45			44	46	46		45	51	47	46
Money Advice Service	30			30	40	38		33	39	45	43

Note

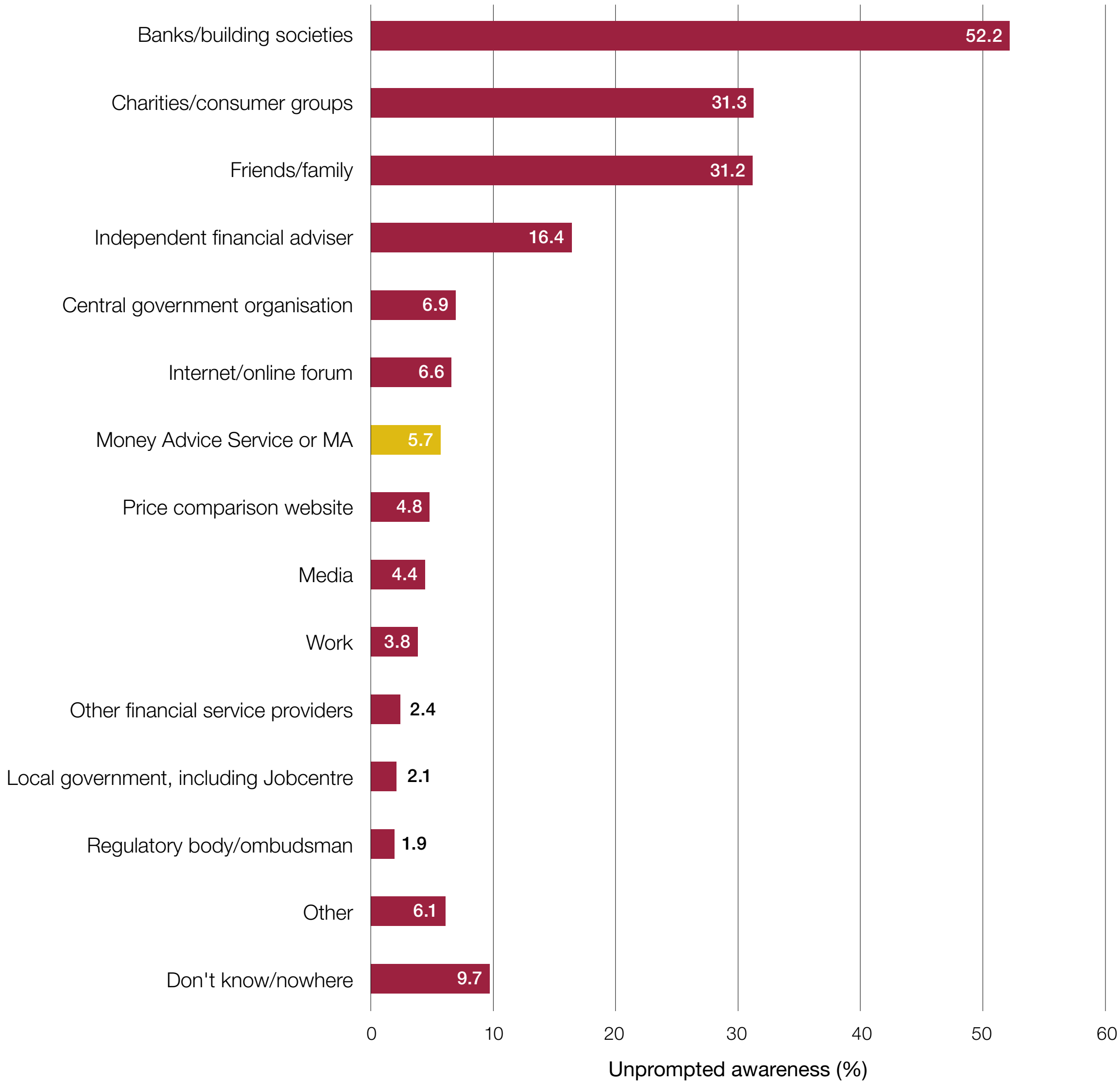
1 September 2012 'What does MA think?' advertising campaign indicated by black line.

Source: Data from the GfK Omnibus Survey supplied by the Money Advice Service

Figure 17

Where people state they would go to for money advice when unprompted

Six per cent of people spontaneously said they would visit the Money Advice Service for money advice



Notes

1 Data collected March 2013.

2 Survey asked 'What sources of help and information about how to manage your money and finances are you aware of?'.

3 This figure compares the Service against categories of other organisations rather than against individual organisations.

Source: Data from the GfK Omnibus Survey supplied by the Money Advice Service

Increase in the number of consumers using the Service

4.13 **Figure 18** shows the results against targets that the Service set itself for the marketing campaign. The Service measured total awareness, numbers of consumers using the service and number of action plans completed during the period.

4.14 The Service has demonstrated that it purchases its advertising channels efficiently, however, it has not yet demonstrated that this marketing is effective. It needs to demonstrate that the marketing is bringing those people most in need of help with money matters to the information it provides. While the marketing campaign has achieved an increase in the number of visits to the Service over the course of the campaign, this increase in visitors does not mean that consumers have engaged more with the information.

Value for money in money advice for the future

Strategy has been developed

4.15 The Service is now entering the second year of its five-year strategy which involves targeting consumers in need of advice. This will see the Service developing its money advice provision to be more targeted towards changing the behaviours of those most at risk. This involves the launch of the UK Financial Capability Strategy, increased working with partners and improved consumer segmentation.

Figure 18

Money Advice Service targets and outcomes for 2012-13

Goal	Target	Achieved
Total awareness	42%	46%
Number of consumers	1.9m	2.1m
Number of action plans completed during the period	1.0m	1.17m

Note

1 Total awareness refers to ‘prompted awareness’: see paragraph 4.11.

Source: Money Advice Service data

Launch of the UK Financial Capability Strategy

4.16 An important development the Service has made in working with the sector is the development of the UK Financial Capability Strategy. The Service has liaised with stakeholders during its development of this strategy, including holding workshops and collecting written evidence. The Service aims that this strategy will enable coordination between different providers, to address the gaps and duplication and to share best practice. The strategy will set out a framework for improving the financial well-being of individuals in the UK. This is a positive step towards achieving value for money and is due for publication in 2014.

Partnership working

4.17 The Service has increased the amount of work it does with partners. This is a relatively low-cost way to target and reach more people. It could involve working with these organisations to develop the advice that they provide and by asking organisations to host material provided by the Service. The Service is enhancing the development tools that allow partner websites to host Money Advice Service branded material. This area of work is currently at an early stage. It has been increasing its work with those partners that focus on life events asking them to incorporate Money Advice Service content into their own websites. **Figure 19** gives an example of how the Service is working with Mumsnet.

4.18 **Figure 20** overleaf shows that the number of Service users coming via partner links has stayed relatively stable over the last year. However, as a proportion of users overall it has decreased considerably (from 27 per cent in April 2012 to 8 per cent in July 2013). As the Service focuses more on partnerships it expects that the number of consumers coming from partners will increase significantly, even though the overall number of consumers using the Service is not predicted to increase at the same rate.

Figure 19
Partnership working with Mumsnet

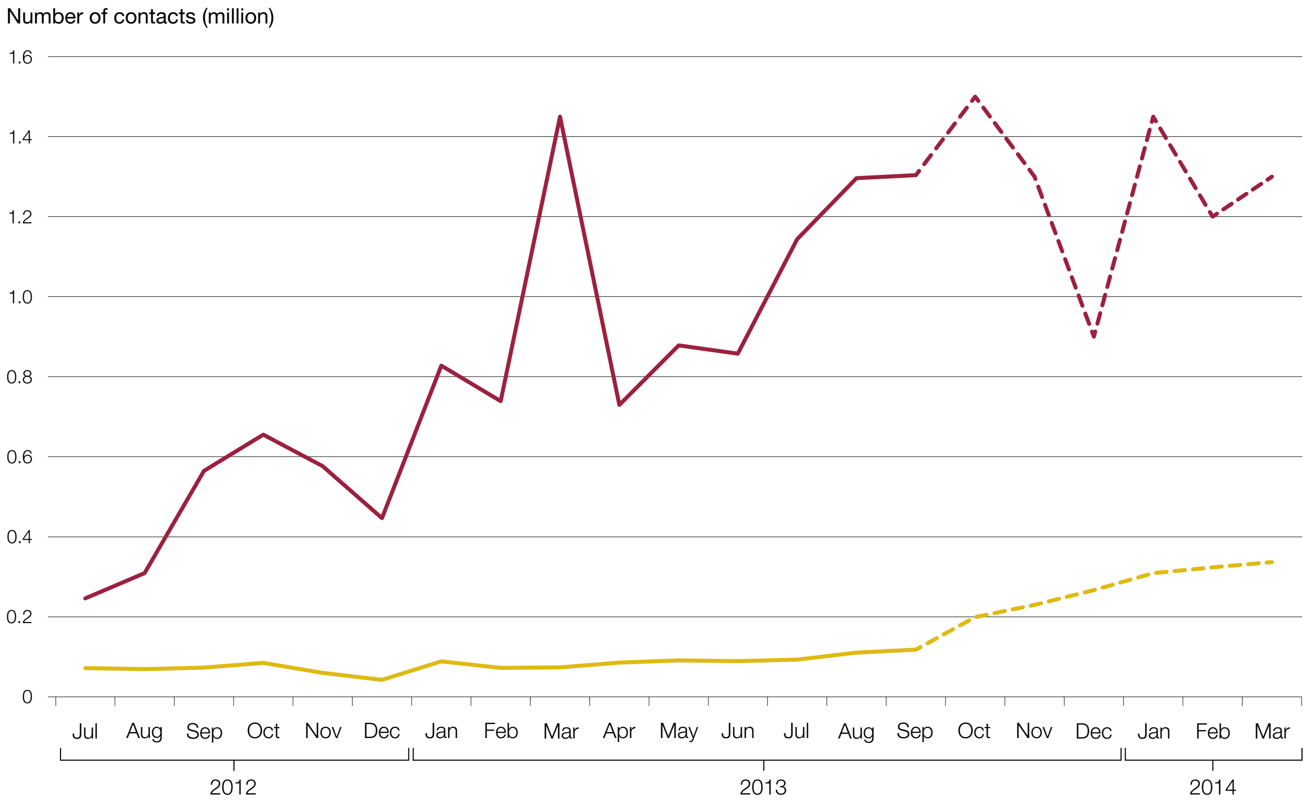
The Service has partnered with Mumsnet and hosts a number of tools on the Mumsnet website, and Mumsnet also links to the Service's website on a number of topics. For example, Mumsnet has a section on their website dedicated to helping people deal with their finances. One of the topics is about helping people struggling with credit card debt. The Service has partnered with Mumsnet and supplied their credit card calculator. The calculator is exactly the same as the one found on the Service's own website. It is branded as the Money Advice Service calculator, with a link to the full Service website for more advice and tools.

Source: National Audit Office analysis

Figure 20

Contacts to the website from partnership organisation links

The visitors from partner sites is predicted to rise while the number of visitors overall is not predicted to increase at the same rate



- Contacts
- Predicted contacts
- Visitors from partner links
- Predicted visitors from partner links

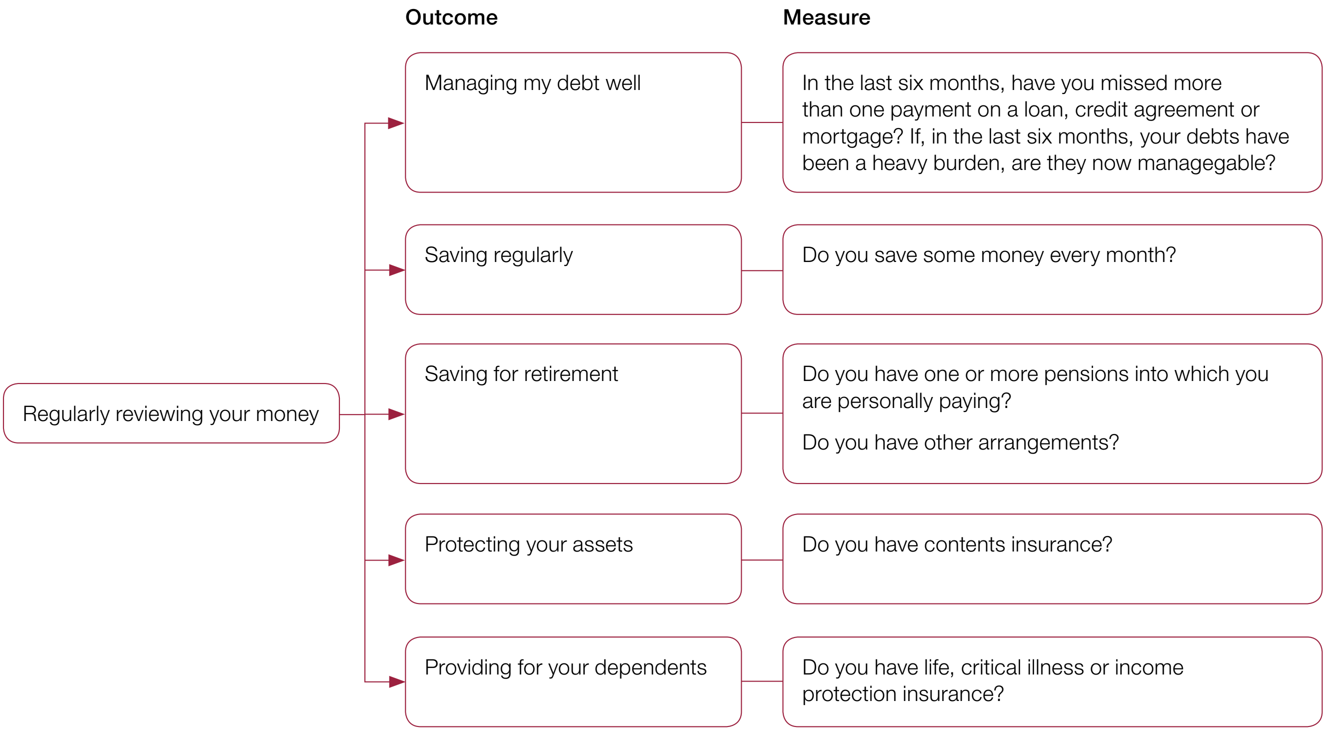
Source: Money Advice Service

Improved segmentation

4.19 The Service's 2013-14 business plan sets out a more targeted approach to maximise impact and change behaviour. The Service developed five measures to assess those elements of behaviour (outcomes) it wishes to change (**Figure 21**).

4.20 These measures have been mapped on to a population segmentation developed by Experian, the credit rating company, which groups UK households into 50 different segments. The Service determined that individuals in eight of the 50 segments were most likely not to fulfil four or five of the outcomes and therefore consider them to be most in need of advice (**Figure 22** overleaf). These eight segments, consisting of 10.2 million people, now form the Service's target market which it groups into two categories: young couples or singles (includes segments 'Entry level workers' and 'First foundations'); and low to middle income families (includes all remaining segments). The Service is starting to use these segments to develop more targeted marketing activities, for example posting information in targeted areas, and advice provision.

Figure 21
The Service's outcomes to change behaviour



Source: Money Advice Service business plan 2013-14

Figure 22

Segments of the population the Service is targeting

Segment	Proportion of target population (%)	Description
Entry level workers	8.2	Young singles starting work in jobs with limited opportunities. Very low salaries, all under 25 years old, high unemployment, and those in employment will be in clerical, sales or service roles.
First foundations	12.1	Singles and couples setting up home in affordable properties. Likely to be 26 to 35, mostly working, a quarter are unmarried couples living together.
Overworked resources	11.3	Families, average incomes with heavy financial commitments. Aged 36 to 44 with high levels of employment (mostly managerial or clerical).
Squeezed families	13.5	Families, older children, stretched themselves. Aged 36 to 45, working in clerical or unskilled work with low salaries and likely to have children.
High demands	7.4	Families, limited incomes striving to manage, financial commitments often outweigh resources. Aged 26 to 35, high unemployment, with workers mainly in semi-skilled or unskilled work. Low incomes and likely to live in council accommodation.
Extended outlay	16.4	Middle income families, supporting older children, less capacity to save. Aged 46 to 55, over indexing on part time workers, likely to live with wider families and owns their own home, albeit with a mortgage.
Modest mortgages	17.9	Older families who used salaries sensibly to pay down mortgage. Aged 46 to 55, over indexing on part time workers, and owns their own home.
Canny owners	13.2	Middle aged homeowners, achieved security through purchasing affordable homes. Aged 46 to 55, mostly employed, mainly in clerical, sales and service roles, but some are in management, less likely to have children.

Source: Money Advice Service

4.21 Although the outcomes that the Service's business plan outlines include a measure about managing debt the remainder focus heavily on consumers buying products, such as pensions and insurance. They do not explicitly cover several aspects of consumers' understanding and knowledge of financial matters, ability or attitudes to managing their financial affairs. In April 2013, the Service introduced a key performance indicator which reports the number of consumers who have completed a budget planner. The outcome measures do not assess all aspects of consumers' behaviour, such as switching between providers or products, or improved knowledge about how financial concepts, such as interest rates, may affect them.

4.22 In its segmentation analysis the Service has assumed that the outcomes affect everyone across the different segments equally. However, some groups may be disproportionately affected by not having any savings, for example, but for another group this may not be as significant a problem. Therefore, there is a risk that the targeted groups do not include those consumers who are in greatest need of money advice. Consumer groups we spoke to also expressed concern that the groups the Service chose could exclude some vulnerable consumers.

4.23 In 2013, the Service began conducting a Financial Capability Tracker survey on a quarterly basis. The survey monitors the extent to which the Service is achieving its desired five outcomes and measures the impact of the interventions against these. It also aims to measure changes in the public's skills, knowledge, opportunity, motivation and attitudes. The first results from the survey (**Figure 23** overleaf) show that for a number of the outcome measures those who have used the Service are outperforming the UK population as a whole. It is not clear, however, whether consumers who have engaged with the Service are more financially capable, which makes them more likely to access the Service than other members of the same segment who have not. Furthermore, the data show that for many of the outcome measures the 'older families' target segments are outperforming the UK population. This supports the concerns raised about the target groups identified by the segmentation work not being most in need of advice. The survey could be used by the Service to further develop its segmentation of the population, the risk levels experienced by different groups and to help the Service develop its products.

Measuring effectiveness

4.24 In a comprehensive evaluation programme we would expect to see the Service analysing a number of aspects of its performance and incorporating the results to allocate its resources to ensure that the advice is meeting the needs of consumers most effectively. We would expect the aspects in this evaluation programme to include analysis of:

- the effectiveness of the different channels used in the marketing campaign at getting the target groups of consumers to engage with the Service;
- the impact of the advice consumers receive through each of the channels that the Service provides; and
- how the advice provided by the Service contributes to consumers changing their money habits.

Figure 23

Baseline outcome measures from the Financial Capability Tracker survey

Outcome	Proportion of consumers who:	UK population (%)	Target segments: Young couples or singles (%)	Target segments: Young families (%)	Target segments: Older families (%)	Money Advice Service customer (%)
Regularly reviewing your money	Keep track of income and expenditure	84	79	79	85	85
Managing debt well	Missed any payments in last six months	5				15
Saving regularly	Save money each month	53	49	45	57	61
Saving for retirement	Pay into pension	28	27	17	30	37
	Have state retirement pension	39	41	31	41	38
	Have savings or investments	32	26	16	29	38
	Have inheritance	14	9	7	15	19
	Have other income	14	11	8	10	16
	Have earnings from work	13	10	8	11	17
Protecting your assets	Have home contents insurance	53	52	42	55	47
Providing for your dependents	Have life insurance, critical illness, income protection	36				45

Notes

1 Young couples and singles includes segments: Entry level workers and First foundations.

2 Young families includes segments: Overworked resources, Squeezed families, and High demands.

3 Older families includes segments: Extended outlay, Modest mortgages, and Canny owners.

Source: Money Advice Service data

Evaluating the impacts of marketing

4.25 As the Service's marketing campaign moves from general awareness raising to a more targeted approach it needs to ensure that it is reaching the right consumers. The Service currently uses a number of different channels, including TV, radio, online, outdoor posters and post, to raise awareness about the Service. It needs to evaluate which channels are most effective at reaching those consumers who need the advice most.

Assessing the immediate impact of the advice

4.26 The Service's customer satisfaction surveys do not collect detailed data about the actions that consumers have taken as a result of a contact or advice session. Previously it conducted an impact evaluation survey which collected feedback from consumers in October 2011 and March 2012. This found that on average 11 per cent of consumers reported they had taken action, such as increasing their savings, taking out new products, switching suppliers, reducing their debt or improving their retirement planning. The Service is now measuring the more immediate impact of its advice through a 'deeper actions' survey, which allows it to understand which tools, or channels of advice, have the greatest impact. It can therefore be used to better allocate resources between these different channels. Research conducted in August 2013 showed that 50 per cent of consumers took an action after receiving advice.

4.27 Evaluation will help to improve the Service's understanding of how consumers access services. For example, more than half the adult population (53 per cent) in 2013 used a mobile phone to access the internet, which is more than double that of 2010 (24 per cent). The Service did not develop a mobile platform when it was first set up. Although it is now looking to develop this, it will take a reasonable amount of time to complete and will require more resources.

Changing consumers' money habits

4.28 The Service has just completed the Financial Capability Tracker survey which will be repeated on a quarterly basis with consumers who have used the Service and those who have not. This will allow the Service to develop more detailed understanding of the attitudes, motivations and skills of the population and assess the longer-term impact of its advice on those consumers who have engaged with its service. The Service will then be able to direct consumers to those interventions that will best suit their needs and result in the largest impact.

4.29 It is important to evaluate how far consumers' feelings about their financial situation are reflected in the outcomes. Feeling confident about money matters may empower consumers to spend more time considering how they spend their money, what the best products for them are, and how to get the best deals on those products. The Service could do more to understand how all the different aspects of financial capability contribute to the feeling of financial well-being, and which factors are most important.

Using the evaluation programme to allocate resources

4.30 The Service does measure its performance through a number of different projects, such as, the Financial Capability Tracker survey and customer satisfaction surveys. Further development is needed to achieve full value for money from evaluating the impact of its interventions by bringing these projects together into a full evaluation programme. This could then be used more effectively to allocate resources.

4.31 Currently the Service has not demonstrated that it is directing consumers to those channels of advice that would be the most effective for them. Its 'digital first' approach means that the Service first encourages users towards the website. The web-chat, phone and face-to-face advice are there for consumers who need more assistance understanding the information. The Service's exit poll data shows that 80 per cent of consumers using these channels feel they got the information they needed. However, the exit polls do not break this down further. We found that these channels mainly referred people towards the website, without providing extra assistance and that the website is not directing those who need more assistance towards phone or face-to-face channels. Therefore we were not able to obtain assurance that these channels are meeting consumers' needs. In addition, there is still a sizeable population in the UK that does not have access to the internet (17 per cent of households).[8] This may mean that some of those most in need of money advice are unable to access the Service.

4.32 In England face-to-face clients are recruited by placing money advisers in organisations, who then set up appointments with their clients or employees. Seventy-two per cent of these sessions are provided through welfare-to-work programmes. A smaller proportion, 2 per cent, includes large employers such as Catford Council and the Department for Business, Innovation & Skills. Recruiting face-to-face clients through other organisations means there is a risk of wasting resource spent on the face-to-face advice if some consumers who are accessing face-to-face advice would benefit equally by accessing the online service. The Service feel that it has offset this risk as the contractors are charged with the responsibility of directing those most in need of face-to-face advice to the service. However, it has not provided assurance that those consumers in its target segments are being reached through these contractors.

8 ONS Internet Access statistical bulletin. Available at: www.ons.gov.uk/ons/rel/rdit2/internet-access---households-and-individuals/2013/stb-ia-2013.html

Appendix One

Our audit approach

1 This study examined whether the advice services offered by the Money Advice Service provides consumers with value for money. To do this, we assessed the following:

- whether the Service uses its resources effectively;
- whether the Service is achieving value from money advice it gives; and
- whether the Service is achieving value from debt advice it provides.

2 Our audit approach is summarised in **Figure 24** overleaf. Our evidence base is described in Appendix Two.

Figure 24
Our audit approach

The objective of government

To offer consumers free, unbiased and independent money and debt advice.

How this will be achieved

The Service provides money advice through its website, face-to-face, phone and web-chat services as well as commissioning face-to-face debt advice.

Our study

The study assessed whether the Service is providing value for money.

Our evaluative criteria

Whether the Service uses its resources effectively.

Whether the Service is providing value from money advice.

Whether the Service is providing value from debt advice.

Our evidence

(see Appendix Two for details)

We assessed how the Service uses its resources by:

- interviews with the Service staff;
- extensive review of the Service documents;
- analysis of the Service's management information; and
- analysis of the Service's procurement processes.

We examined whether the Service provides value from money advice by:

- conducting semi-structured interviews with stakeholders;
- conducting semi-structured interviews with providers of money advice on behalf of the Service;
- carrying out mystery shopping to assess the quality of advice given;
- analysing the results of the Service's marketing strategy; and
- reviewing the Service's research programme.

We assessed whether the Service provides value from debt advice by:

- extensive review of the Service documents;
- conducting semi-structured interviews with stakeholders; and
- conducting semi-structured interviews with providers of debt advice on behalf of the Service.

Our conclusions

The Money Advice Service has achieved value for money in its debt advice work. The number of advice sessions has increased, the unit costs have fallen, and the quality standards of advice have been continuously improving since our last examination in 2010. For the provision of money advice, the Service is only now moving in the right direction to allow it to add more value in providing an important service. It has not yet shown that it is achieving value for money as it has not to date sufficiently targeted its interventions to those who need it most. It is now moving in the right direction by developing a more specific and targeted provision.

Appendix Two

Our evidence base

1 Our independent conclusions on whether the Service is providing value for money were reached following analysis of the evidence gathered between May and August 2013. Our audit approach is outlined in Appendix One.

2 We examined whether the Service uses its resources effectively. To do this we:

- conducted interviews with the Service staff;
- conducted a thorough review of the Service documents;
- analysed the Service's management information; and
- analysed the Service's procurement processes.

3 We examined whether money advice provided by the Service is providing value for money. To do this we:

- conducted interviews with stakeholders and providers of advice on behalf of the Service;
- assessed how the Service targets its customers;
- carried out mystery shopping on the Service's phone and web-chat money advice service to assess the type and quality of advice given; and
- assessed the service's evaluation strategy.

4 We examined whether debt advice provided by the Service is providing value for money. To do this we:

- conducted interviews with stakeholders and providers of debt advice on behalf of the Service; and
- extensively reviewed Service documents including their quality assurance standards.

This report has been printed on Evolution Digital Satin and contains material sourced from responsibly managed and sustainable forests certified in accordance with the FSC (Forest Stewardship Council).

The wood pulp is totally recyclable and acid-free. Our printers also have full ISO 14001 environmental accreditation, which ensures that they have effective procedures in place to manage waste and practices that may affect the environment.

Design and Production by
NAO Communications
DP Ref: 10278-001

National Audit Office

Published by TSO (The Stationery Office)
and available from:

Online
www.tsoshop.co.uk

Mail, telephone, fax and email
TSO
PO Box 29, Norwich NR3 1GN
Telephone orders/general enquiries: 0870 600 5522
Order through the Parliamentary Hotline
Lo-Call 0845 7 023474
Fax orders: 0870 600 5533
Email: customer.services@tso.co.uk
Textphone: 0870 240 3701

The Houses of Parliament Shop
12 Bridge Street, Parliament Square,
London SW1A 2JX
Telephone orders/general enquiries: 020 7219 3890
Fax orders: 020 7219 3866
Email: shop@parliament.uk
Internet: http://www.shop.parliament.uk

TSO@Blackwell and other accredited agents

£16.00

ISBN 978-0-10-298721-8