Toynbee Hall
Response to HMT’s
Public financial
guidance review proposal

About us
Toynbee Hall has worked on the frontline in the struggle against poverty for 130 years. Based in the East End of London we give some of the UK’s most deprived communities a voice, providing access to free advice and support and working together to tackle social injustice. Toynbee Hall helps over 13,000 people a year.

We are also leaders in the UK’s financial inclusion, capability and debt advice sectors. Our years of experience in providing people with the skills to improve their financial health means that we are in an ideal position to help others improve their financial health policies and practice. We are the lead contract agency for Capitalise, the Money Advice Service funded face to face debt advice provision for London, and we sit on the Money Advice Service’s Debt Advice Steering Group and Financial Capability Strategy Board, as well as a range of other national level government, regulatory and industry groups working on improving financial health and inclusion.

Our response to the proposals – key points

We believe that achieving sustainable financial health requires a holistic approach. Our primary concern is that the proposal to create two separate organisations and split delivery between money and pension guidance will miss a crucial and once-in-a-generation opportunity to create a life-long active engagement with our money.

Firstly, the money available to us in our retirement is the culmination of each financial decision we make along the way. Secondly, the significant changes in the pension environment mean that our ability to maximise our retirement income requires the ability to extract value from each pound in retirement, which in turn requires skilful consumers. So the separation of pensions and “everything else” is artificial, and appears to be based partly on the fact that pensions have suddenly become very complicated. But the financial services landscape is
always changing, and the fact that one current aspect is particularly complicated *right now* is obscuring the need for holistic, life-long provision of financial guidance. Over time, other aspects of financial management will become more complicated, but that should not be the criteria for establishing additional organisations. Nor are we convinced that the fact that governance arrangements must facilitate the needs of two separate government departments is sufficient reason to separate out the work across two separate agencies. We are also not convinced that the concept of warm hand offs is the most effective way to link the two strands. Finally, we judge that the same economies of scale arguments made within the proposal document to combine the pension advice providers can be extended to creating a single holistic organisation. Sometimes, less is indeed more.

We believe that the new organisation should:

- Provide expert pension guidance directly to consumers, with pension advisers able to provide relevant information or signposting to more detailed support on all aspects of financial decision-making to enable consumers to save more towards their pensions throughout their lives.
- Continue to commission high-quality debt advice, building on the existing work led by MAS, but with greater input from the sector on outcomes-led commissioning and more effective integration between crisis support and preventative work.
- Continue to implement the Financial Capability Strategy, exploring what works through:
  - Collating evidence on what works through further developing shared evaluation frameworks and tools
  - Coordinating funding better so that funders plug crucial gaps in a structured way
  - And stimulating – and funding - innovation to meet needs where the market fails to do so.

*Existing regulation has led to an advice gap due to fear of action.* The sector needs absolute clarity on which aspects of guidance are or are not regulated to empower support providers to serve clients better.

*Outcomes measurement and effective hand offs must be client-centred and organisations need better tools to embed them into the sector.* It is not enough to agree what we want to achieve; organisations also need support to understand how to measure outcomes and how to embed referral processes into their delivery. And this requires a client-centred approach; we currently think about “outputs” and “outcomes”, but we need to think in terms of people. We should always be answering the question, “How do we best help this person with their challenges.” Toynbee Hall has developed a practical tool (MAP Tool) to do just this.

*We need to keep innovating; none of our provision is good enough yet.* Too few people seek advice early enough; too many households are either in financial difficulty or are at severe risk of being so. We must continue to understand the issues better through highly targeted research and piloting; we must build communities of good practice to spread and embed knowledge faster; and we must not limit our focus so narrowly that those who are hardest to reach remain excluded. So we must design and pilot local but seek to achieve scale; and we must ensure that
every one of us can access the right advice in the way we feel most able to do so at the time we need it.

So the new financial guidance body (and crucially not bodies) must coordinate our learning, our funding, our action and our evaluation to make the best use of valuable resources for funders, providers and users alike.

We would be happy to discuss our views in more detail.
Responses to the specific consultation questions:

Q1. Are there any specific guidance gaps in the current pension guidance offering that you think the new body should fill?

We judge that effective pension guidance requires a holistic approach to all the financial circumstances and decisions leading up to and beyond retirement. Thus the current proposal to maintain a separate pensions advice provision, divorced from wider personal financial guidance, fails to recognise that it is crucial to embed pensions guidance within wider financial guidance about the person’s whole life, and thus within a wider financial guidance body. This does not mean that there cannot be specialist pension advice provision, but it must be rooted in an organisational framework which understands the life-long need for integrated financial guidance.

Q3. Will these objectives focus the activities of the new money guidance body sufficiently to allow it to improve consumer outcomes?

These objectives are focused on identifying gaps and commissioning others to fill them. There is nothing intrinsically wrong with these objectives but we would struggle to know what success would look like. The proposal document stresses that the new body will not be able to fill all gaps in provision, but these proposed objectives do not clarify what difference the commissioned services should make. There is a suggested link to the new Life Chances Strategy, but again the desired impact is not made clear. We would suggest that a better approach would be to define the range of outcomes that financial guidance should achieve and ensure that these frame the organisation’s objectives.

Q4. What role do you think the new money guidance body should have in providing research?

A large number of academic and other organisations, including Toynbee Hall, produce high quality research addressing knowledge gaps about financial health. We do believe that there is a useful coordinating role around research to be played, ensuring that research addresses key gaps essential to identifying and providing required services effectively to fill gaps. However we do not have a strong opinion about whether the new organisation should conduct or merely commission such research itself. That said, we do believe that the national financial capability survey should be continued, as it will provide an invaluable dataset about the impact of large scale policy and practice implementations, as well as identifying emerging issues and needs. And the existing research and evidence on the MAS website should be maintained, either by the new body or elsewhere. For example, when the Financial Inclusion Taskforce (FIT) came to an end, Toynbee Hall took over the hosting of the FIT’s research library on our website (then known as Transact, now financialhealthexchange.org.uk) to ensure the resources continued to be available to the sector.

Q5. Would limiting providers of debt advice to FCA authorised firms rule out any types of provider?

The lack of clarity around regulation is a key barrier to improving access to financial guidance, and this review offers an opportunity to provide clarity and increase the confidence of a wider range of providers to support their users’ financial health. The line between
information and advice is unclear, leaving many support organisations nervous of addressing financial problems. This blocks the signposting routes which are essential if more people are to seek and access the information and advice they need.

Where financial products are being recommended, even when they are debt solution products, FCA regulation is essential. But we need to ensure that providers – and potential providers – of other forms of guidance are enabled rather than discouraged. This requires a clear and enabling regulatory framework distinguishing exactly who can discuss what.

Q6. How could the new money guidance body work with the debt advice providers most effectively to ensure that their expertise is captured and informs contract design?

Toynbee Hall leads Capitalise, the pan-London debt advice partnership for MAS. This partnership involves a wide range of organisations, ranging from specialist debt advice agencies to multi-purpose organisations also providing debt advice. The success of the Capitalise model shows that there is value in engaging with organisations of all types and sizes in order to reach communities with unmet needs and to learn what works in a range of circumstances with different client groups. It also demonstrates that there are multiple ways to achieve scale. We therefore recommend that the new organisation continue to work with organisations of all sizes and types to identify areas of emerging good practice, as well as barriers to be overcome to providing better, more effective and efficient services.

Crucially, seeking providers’ views on what is working well and where change is needed long before the commissioning round commences can transform the contracting process into an outcomes-focused and enabling discussion aimed at meeting needs. Toynbee Hall often use consultative methodologies, such as Open Space, to support our consultancy clients create better contracting design processes. For example, we supported Brighton and Hove City Council and Adur and Worthing Councils through financial inclusion and community sector commissioning processes, and would be happy to share more detail about these approaches if helpful.

Q7. How do organisations currently monitor outcomes? Do you have any suggestions for the outcomes which should be monitored?

Toynbee Hall monitors debt outcomes within the framework of our role as lead agency for the pan-London debt advice MAS funded Capitalise contact. This includes the use of our innovative digital financial health needs assessment and impact measurement MAP Tool. We designed the MAP Tool to address the impact measurement gap in the sector, and have been using it with Capitalise clients across London since October 2014. The MAP Tool does not only assess the impact of debt advice; it can be used to capture outcomes across all aspects of financial health, digital inclusion and social inclusion and wider well-being. We use the MAP Tool to measure outcomes across our own financial health interventions, ranging from financial capability programmes to debt advice, and are now licensing the MAP Tool for use with other organisations. The MAP Tool produces an instant needs assessment for the client and their support worker/adviser, which can be used to create an action plan, as well as tracking outcomes throughout and across interventions. We have built a set of outcomes around the full range of financial health issues through consultation with the sector and we would be happy to demonstrate the MAP Tool if this is of interest. For an example of the kind of outcomes which the MAP Tool can measure, please see the evaluation of our Money
Mentors project carried out using the MAP Tool data collected before and after the programme, including: financial situation; outstanding debts; feeling about debts; confidence about financial future; ability to manage daily life, including meeting priority needs of the household; social connection; digital inclusion; overall wellbeing:

Q8. How could “hand off” arrangements be most effectively built into contracts?

We are not fully convinced that the evidence shows “hand off” arrangements work well for clients; the more organisations a client needs to contact to get to the support they need, the less likely they are to stick with the process. That said, we judge that detailed “route mapping” would be the best way to build this approach into contracts. For example, bidders would need to demonstrate for a range of pre-identified user stories exactly where and how the “hand off” would be made, with evidence of agreement from the named receiving agencies. It is currently far too easy for bidders to show intention to signpost without evidencing exactly how they would do this. Additionally, building in metrics capturing holistic needs and what “hand off” action had been taken would ensure that this can be accurately evaluated. Ideally the client would be tracked through the hand off process, to assess whether the hand off achieved its aims. Toynbee Hall’s MAP Tool provides a client-centred needs assessment, referral tool and impact assessment record which can travel between organisations with the client, enabling better hand off management and enhanced evaluation about the outcomes of interventions across different agencies for the same client. We suggest that this method of integrating needs assessment, referral action and impact assessment could support better referrals between organisations.

Q9. How should the new money guidance body seek to understand the gaps in the provision of money guidance?

Taking a holistic approach to tackling money problems provides a useful framework for how to understand the gaps in provision of money guidance. Essentially, we need to understand what people feel confused or concerned about (perceived needs) and which aspects of financial management are causing actual problems (manifested needs). So asking people what areas of their financial management they need and want guidance about is important; but so is tracking the pathways to financial vulnerability and difficulty. Buying a house is a good example; for a first time buyer, it feels confusing and concerning. For a new homeowner with mortgage arrears, the reality is that not knowing what to expect in advance manifested in actual financial difficulty afterwards. So customer feedback and debt advice data both provide insight as to what guidance is needed. And the areas where most financial difficulty arises are clear priorities.

Similar analysis needs to be applied to specific consumer segments; where MAS’ consumer segmentation has already demonstrated specific issues we should continue to use the segmentation analysis to identify solutions. In particular, using systems thinking to identify the crunch points which create moments of vulnerability is an extremely effective method. For example, we know that new tenants on low incomes in unfurnished properties are at extreme risk of financial difficulty due to the unexpected shock of moving at short notice and needing to furnish a property. For a low income household, this is a significant expenditure
shock which can create long-lasting financial difficulty. So similar innovations to the house buying tool can create better awareness and lead to more effective financial planning around a range of issues.

But it is not only which topics need to be addressed that matters here; it is also whether people know how to access guidance when they need it. So mapping the routes to guidance and ensuring the provision’s coverage and signage are sufficient and effective is also a priority.

**Q10. Is the planned focus on local and digital financial capability raising projects the right one?**

Toynbee Hall’s own methodology is to find local solutions for local needs, and then identify what can be replicated or scaled. For example, we worked intimately with our local community to build the financial capability programme they really wanted, and once we had tested and refined our Community Money Mentors successfully within Tower Hamlets, we then trialled it elsewhere. Now we are delivering it across London, and are developing a flexible version which can be adapted to any combination of F2F and/or digital delivery required to suit a particular client group’s needs. So we do support the need to design local, and to use digital to help scale. But we would raise a note of caution here; too great a focus on local can lead to a postcode lottery around provision which undermines fair and equal access to guidance, and too great a focus on digital can leave too many people behind. Local works best when it is tapped into the wider sectoral knowledge, building on learning developed elsewhere rather than starting from scratch everywhere. Local needs support – through expert advice and guidance, as well as appropriate critique. The financial guidance sector currently lacks this sectoral support, which puts this “local” approach at risk of producing scattered and uneven provision. And digital works for many, including the under 45s. But we cannot afford to exclude those who are not yet ready to trust their finances to digital tools. So we recommend seeing digital as one method to encourage, but not at the exclusion of other forms such as through intermediaries over the phone or face to face, or even through more traditional tools such as wallet cards, pamphlets or other non-digital support.

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Toynbee Hall  
28 Commercial Street  
London  
E1 6LS  
Tel: +44 (0) 20 7247 6943  
Email:info@toynbeehall.org.uk

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