PENSIONS GUIDANCE AND THE MONEY ADVICE SERVICE

Thank you for your letter of 21 July concerning the review of the Money Advice Service (MAS), and MAS’s role in the delivery of the guidance guarantee.

In my letter of 15 July I explained why the independent review has not been explicitly asked to consider the future of MAS as a statutory organisation. In summary, this is because:

- the independent review’s starting point should be to assess what consumers need in terms of financial education and advice, in order to provide the foundation for the review to make informed recommendations about how this need can most effectively and efficiently be met; and
- it is important to set realistic and achievable goals for the review. Given the already tight timescale for the review and the nature of the last Session of a Parliament, it is highly unlikely that we would have sufficient time to make any statutory changes that the review may recommend before the end of the Parliament.

I do not feel it would be appropriate to commit to a continuation of the review beyond the end of the year, as this would be an unhelpful distraction from the important tasks at hand. Once the review has published its findings, I would expect MAS, and other relevant organisations to which recommendations are made, to set out plans and timelines for implementing any recommended changes. It will be important to evaluate how effectively the changes are being implemented before contemplating any further action.

In your letter, you also ask for clarification about the scope of the role proposed for MAS in delivering the pensions guidance guarantee, and the meaning of HM Treasury’s use of the term “delivery partner” in the government response to the Freedom and Choice in Pensions consultation.

Many respondents to the consultation noted the challenging timetable for delivering guidance from next April and have encouraged the government to set out the strategy for delivery and allocate roles and responsibilities clearly. The government has decided that the Treasury will have overall responsibility and accountability for implementation of
the guidance guarantee until the service has reached maturity, and a team has been established within the Treasury to lead the programme.

The Treasury will work with a range of organisations to deliver the guidance service in good time for April 2015, building where appropriate on existing capacity and capability. Both MAS and the Pensions Advisory Service are contributing to the implementation programme, and the government has also welcomed expressions of interest in supporting delivery from a range of trusted consumer-facing organisations, including Citizens Advice and Age UK. The government will be taking forward discussions with these bodies and other interested independent organisations on how they can be involved. The government has also set out its intention to establish a strong, recognisable brand across all providers of the guidance service to ensure that individuals can easily distinguish it from other sources of information or services.

We have committed to publish a progress update on the service design and implementation strategy in the autumn. In this, we will set out further detail on the role of delivery partners in delivering the guidance service, under the leadership of the Treasury.

I trust that this response is helpful. I am content for you to put this response to your letter in the public domain.

GEORGE OSBORNE