The remaining stages of the Financial Guidance and Claims Management Bill are to go through the House on Monday 12 March. Among other provisions, this Bill creates a Single Financial Guidance Body (SFGB), an entity which the Government intends to be sponsored by DWP.

For several reasons, I remain to be convinced that DWP is the relevant department to sponsor the SFGB:

- As statistics from the ONS show, there is a trend away from Defined Benefit schemes (the regulation of which falls within DWP’s responsibility, through The Pensions Regulator), and towards Defined Contribution schemes (the regulation of which falls to HM Treasury, through the Financial Conduct Authority). Advice for Defined Benefit schemes is also regulated by the FCA.
- Pensions taxation, and the taxation of savings, is the responsibility of the Treasury.
- The SFGB will have to work closely with the financial services industry in formulating its strategy and work. Again, financial services – including banking competition, consumer finance, financial advice and capability – is a Treasury responsibility.

In short, while DWP may have an important role in promoting financial inclusion, the work of the SFGB is more integrated with the work of the Treasury and its associated bodies, and that integration will only grow over time.

My concerns are, in part, reflected in the Bill, via section 25(2), which allows the Treasury a role in implementing the Bill. However, the explanatory notes (para 144) promise “a published memorandum of understanding” defining the respective responsibilities of Treasury and DWP ministers. This does not yet appear to have been published.

In your capacity as lead Minister on the Government’s financial inclusion agenda, I would welcome your commitment to:

- Re-examine the decision to allocate responsibility for the SFGB to DWP, and provide a full explanation if that decision is left unchanged
• Commit to regularly review the allocation, especially in the light of changes in the market
• Publish the memorandum on the division of responsibilities between DWP and HMT as soon as possible, and before the final stages of the Bill.

Given the overlap between the work of the SFGB and Treasury Committee’s remit, the Committee will scrutinise the work of the SFGB in the same way it would a Treasury-sponsored body. It may also conduct appointment hearings and send questionnaires to appointees to senior positions in the SFGB.

I would appreciate a reply to the points raised in this letter as soon as possible, and in any case prior to the start of the final stages of the Bill. Otherwise I may raise these points on the floor of the House.

I may place this letter, and any reply, in the public domain.

The Rt Hon. Nicky Morgan MP
Chair of the Treasury Committee